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EDITORIAL NOTE

IN the spring of 1917 the Foreign Office, in connexion with the preparation which they were making for the work of the Peace Conference, established a special section whose duty it should be to provide the British Delegates to the Peace Conference with information in the most convenient form—geographical, economic, historical, social, religious, and political—respecting the different countries, districts, islands, &c., with which they might have to deal. In addition, volumes were prepared on certain general subjects, mostly of an historical nature, concerning which it appeared that a special study would be useful.

The historical information was compiled by trained writers on historical subjects, who (in most cases) gave their services without any remuneration. For the geographical sections valuable assistance was given by the Intelligence Division (Naval Staff) of the Admiralty ; and for the economic sections, by the War Trade Intelligence Department, which had been established by the Foreign Office. Of the maps accompanying the series, some were prepared by the above-mentioned department of the Admiralty, but the bulk of them were the work of the Geographical Section of the General Staff (Military Intelligence Division) of the War Office.

Now that the Conference has nearly completed its task, the Foreign Office, in response to numerous inquiries and requests, has decided to issue the books for public use, believing that they will be useful to students of history, politics, economics, and foreign affairs, to publicists generally and to business men and travellers. It is hardly necessary to say that some of the subjects dealt with in the series have not in fact come under discussion at the Peace Conference ; but, as the books treating of them contain valuable information, it has been thought advisable to include them.

It must be understood that, although the series of volumes was prepared under the authority, and is now issued with the sanction, of the Foreign Office, that Office is not to be regarded as guaranteeing the accuracy of every statement which they contain or as identifying itself with all the opinions expressed in the several volumes ; the books were not prepared in the Foreign Office itself, but are in the nature of information provided for the Foreign Office and the British Delegation.

The books are now published, with a few exceptions, substantially as they were issued for the use of the Delegates. No attempt has been made to bring them up to date, for, in the first place, such a process would have entailed a great loss of time and a prohibitive expense ; and, in the second, the political and other conditions of a great part of Europe and of the Nearer and Middle East are still unsettled and in such a state of flux that any attempt to describe them would have been incorrect or misleading. The books are therefore to be taken as describing, in general, *ante-bellum* conditions, though in a few cases, where it seemed specially desirable, the account has been brought down to a later date.

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January 1920.

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I. GEOGRAPHY PHYSICAL AND POLITICAL

(1) POSITION AND FRONTIERS

THE vast territory generally known as Mongolia lies to the north and north-west of China proper, roughly between latitudes 37° and 54° north and longitudes 83° and 122° east. It is wholly inland and nowhere approaches the sea. On the north-west it is bounded by the Siberian province of Tomsk; on the north by the provinces of Yeniseisk, Irkutsk, and Transbaikalia; on the east by Manchuria; on the south by the Chinese provinces of Chihli, Shansi, Shensi, and Kansu, and the Chinese colony of Sinkiang or the New Dominion; and on the west by Sinkiang and the Siberian provinces of Semiretchensk and Semipalatinsk. The area is said to be about 1,367,600 square miles.

Mongol-Siberian Frontier.—The frontier between Mongolia and Siberia has been the subject of negotiation between the Russian and Chinese Governments at different times from 1689 to 1915, and as it exists it is recorded in (1) the Treaty of Kiakhta, 1727; (2) the Treaty of Peking, 1860; (3) the Protocol of Chuguchak, 1864; (4) the Treaty of St. Petersburg, 1881; and (5) the Treaty of Tsitsihar, 1911.

The early demarcations of this frontier for the most part followed the local divisions recognized by the nomad Mongols who were subject to the two empires of Russia and China respectively. Wherever possible mountains and rivers were used as boundaries, but in some cases large plains were divided and marks erected upon them to show the national divisions. From the Great Altai range in the north-west of the country, the boundary follows an irregular course

north-eastwards, crossing the western extremity of the Tannu-ola range, until the Syansk Mountains are reached. The line, cutting across the course of the Yenisei, then follows this range along its whole length, and after passing the northern end of Lake Kossogol, along the continuation of the same chain eastwards. It crosses the middle course of the Selenga (leaving the greater part of the fertile Chikoi valley to Russia) and the upper waters of the Onon, ending near the station called Manchuria on the Siberian Railway.

Mongol-Manchurian Frontier.—The limits of Mongolia on the east, towards Manchuria, though well known to the Mongols and Chinese locally, are not defined with precision in any documents or on any reliable maps. Around the lakes Dalai Nor and Buir Nor dwell the Barukhs, who should be considered as Mongols, and, if their territory is included in Mongolia, the boundary must be in the neighbourhood of the Khingan Mountains (a range running north and south in longitude 117° to 121° east), whence it turns east about 47° north latitude towards the Nonni river. Hereabouts it turns again in a general though irregular southerly and south-westerly direction to the valley of the Shara-muren, a branch of the Liao river of South Manchuria.

Southern Frontier.—The southern and south-western boundaries of Mongolia, stretching from the confines of Manchuria in the east to the neighbourhood of Kuldja (Ili) in the west—a distance of over 3,000 miles—have also never been precisely defined. From the valley of the Shara-muren the line passes over the south end of the Khingan range and along the rim of the Mongolian plateau to the Hwang-ho (Yellow River) near Kweihwating (Kuku-hoto) in north-west Shansi. Here it follows the Hwang-ho southward for a short distance, and continues south-west across the Ordos loop along the line of the Great Wall to the vicinity of Ningsiafu, whence it takes a general north-westerly direction over the arid tableland of the western Gobi to the oasis of Barkul (about

$43^{\circ} 30'$ north, 93° east). In this neighbourhood it turns westward to the Russian frontier in the Altai Mountains north of Kuldja (Ili).

Southern Border of Outer Mongolia.—By a Declaration of November 5, 1913, subscribed to by Russia and China, Outer Mongolia was erected into an autonomous state in Chinese territory and thereby differentiated from the remainder of Mongolia. The Declaration temporarily evaded the difficulties caused by the absence of any properly delimited boundaries by defining Outer Mongolia as the territory formerly under the jurisdiction of the Chinese Ambans at Urga, Uliasutai, and Kobdo. In the tripartite Treaty of Kiakhta, June 7, 1915, provision was made for a formal delimitation of Outer Mongolia within two years from that date.

General Observations.—Along the east and south-east frontier, bordering on Manchuria and the provinces of Chihli and Shansi, the colonization of Inner Mongol territories by the Chinese has been steadily in progress for a century. Wherever this has taken place, the jurisdiction of the Chinese settlers has passed to Chinese officials, the Mongol princes ruling their own people only and gradually losing all territorial authority. This has been especially the case in West Manchuria (Taonanfu) and Outer Chihli (Chengtehfu). For this reason no demarcation of boundaries between Chinese and Mongol territory would hold good for more than a short period.

The existing frontiers of these regions may be said to be ethnical, and mark the general limits of the nomad Mongols and their grazing-grounds. On the south-west, west, and north-west of Mongolia the barriers are ranges of mountains, and may be regarded as geographical frontiers. On the north, from the Syansk chain right away to the Argun river, the boundary is a political one, carried nearly two centuries ago through territories sparsely populated by nomads, with no special regard to physical features. The main principle in the demarcation appears to have been a division of the tribes into those who had been brought

into contact with, or had acknowledged, Russian dominion, and those who had not.

On the east and south-east, towards Manchuria and China proper, there is a boundary question which has arisen from the inroads of Chinese settlers. To avoid acute disputes in future it would seem desirable to delimit the whole of these sections of the Inner Mongol frontier in the same way as the north frontier of Outer Mongolia has been demarcated. There are no accurate surveys of these regions, and until such are available no practical suggestions can be offered.

There is a possibility of a rather similar question arising in connexion with the Urianghai country lying between the Syansk and Tannu-ola Mountains, as a number of Russian settlers have penetrated this district, and Russian jurisdiction is being exercised over them. It has been suggested by Russia that the Chinese were in error in setting their boundary at the Syansk range, and that the real frontier is the Tannu-ola, along which a line of cairns is said to be still discernible. Article I of the Protocol of Chuguchak (1864) seems to make it quite clear that the Syansk ridge is the proper limit, and in any case, if there has been a mistake, a reference to the map attached to the Protocol, which was prepared in quadruple but has not been published, should settle all doubts.

(2) SURFACE, LAKES, AND RIVER SYSTEM

Surface

Mongolia consists almost entirely of an immense upland which has been divided by geographers into two main regions, North-west Mongolia and the Gobi.

(a) *North-west Mongolia* in general is a mountainous well-watered region, which may be considered under the three following headings: (1) Urianghai; (2) the lake region; (3) Tarbagatai and the Urungu valley.

Urianghai, the mountain-girt northern division, occupies the upper Yenisei basin, and is watered by

its tributaries of the Kemchik and Ulu Kem. The floor of the basin at its lowest is 1,700 ft. (500 metres) above sea-level, but it is hilly throughout, and the beds of the rivers probably have an average height of 3,000 ft. (900 metres). The border range on the north, the Syansk, encloses about half the basin; the Tannu-ola the rest. Neither range is lofty, the summits only in a few instances rising higher than 7,000 or 8,000 ft. (2,100 to 2,400 metres).

The *middle*, or *lake region*, extends from the Tannu-ola south-westwards to the Mongolian Altai (Egtagh) south of Kobdo. It is composed of a succession of lake basins, which vary in altitude from that of Ubsa Nor (2,400 ft., 730 metres) and Kirghis Nor (2,700 ft., 820 metres) to that of Kara-ussu Nor (3,800 ft., 1,160 metres) and Urin Nor (4,800 ft., 1,460 metres), divided by irregular ridges which rise about 2,000 ft. (600 metres) above the general level. The Altai is a true border-range, mounting in a steep escarpment from the Dzungarian depression. In the west its summits tower above the snow-line; in the east they barely touch it. In the Sailughem Mountains, the backbone of the Altai region, which bound both the lake region and Urianghai on the west, the snow-line runs at 6,700 ft. (2,000 metres) on the north versant and 7,800 ft. (2,400 metres) on the south, and the peaks rise 3,000 or 4,000 ft. (900 or 1,200 metres) higher still.

Tarbagatai (*Chuguchak*), the extreme south-west projection of this part of the country, is hilly, but contains the most low-lying part of the Dzungarian depression in the Emil valley. The elevation at Telli Nor is 950 ft. (290 metres), and at Ulungur Nor 1,500 ft. (450 metres), while the valley of the Urungu drains the south flanks of the middle Altai at an altitude of 1,500–2,000 ft. (450–600 metres). The Urungu valley is the north-eastern part of the Dzungarian depression, which lies between the Altai and the T'ien Shan (Celestial Mountains).

Urianghai is a forest country, and when the forests fail there are meadows covered with excellent pasture.

The forests decrease as one goes south, and the Tannu-ola appears to be their limit. For the rest, the greater part of North-west Mongolia is dry prairie covered with gravel.

(b) *Gobi*.—The so-called Gobi terrace may be divided conveniently into (1) Outer Mongolia, (2) the Gobi proper, (3) Inner Mongolia.

Outer Mongolia is a wide zone on the northern slope of the Mongolian plateau, and comprises the country between the Khangai Mountains on the west, the Khingan range on the east, the Russian frontier on the north, and the Gobi proper on the south. It includes the basins of the upper Selanga, of the upper Onon (a branch of the Shilka, the Siberian constituent of the Amur), and of the Kerulon. The highest elevations are found to the south of the region, just before the Gobi depression is reached; and to the north the country gradually descends towards the Baikal Lake (1,600 ft., 500 metres) and the Amur valley.

In the north the surface is diversified. The more lofty mountains are everywhere wooded, and the river basins possess good pasture, but when the foothills are reached the vegetation is scanty, especially in the region north of the Kerulon. The soil is poor, often barren, except along the rivers, but near the Siberian frontier many of the valleys are very fertile.

In the south of Outer Mongolia the surface is more weathered, the hills and ranges have lower and broader crests, there is an entire absence of trees, and the Mongol prairie merges into the almost barren Gobi.

The *Gobi proper* comprises the deeper part of the depression which fills the interior of the lower terrace of the Mongolian plateau, and covers an immense stretch of country much of which lies beyond the limits of Mongolia. The Central and East Gobi, with which we are here concerned, extend from Sinkiang and Kansu north-eastwards to the neighbourhood of Buir Nor, approximately between latitudes 42° and 47° north and longitudes 95° and 117° east. It is a region of gravel, sand, and rock split up irregularly by low

broad-capped ranges and detached hills, which are much denuded and disintegrated. The altitude varies from 3,000 ft. (900 metres) on the east to 5,000 ft. (1,500 metres) on the south and west.

The Gobi is crossed in many directions by the caravan routes between China on the south-east and Outer Mongolia, Sinkiang, and North-west Mongolia; but there appears to be no part of it which is capable of permanent settlement. There are no rivers; the lakes are few and small, and for the most part brackish; and water is everywhere lacking except during the short rainy season.

Inner Mongolia extends from Kansu (about 100° E.) to Manchuria (about 122° E.), and from the Chinese provinces of Shensi, Shansi, and Chihli north-westwards to the Gobi. The surface is extremely diversified. In Alashan, which fills the space between the great bend of the Hwang-ho (Yellow River) and the Edsin Gol valley, the country is level, with a general altitude of 3,300 to 5,000 ft. (1,000 to 1,500 metres): 'for hundreds of miles there is nothing to be seen but bare sands', which are waterless, alternating either with saline clays, or, nearer the mountains, with barren shingle. Alashan is separated from Kansu by the eastern part of the Nan Shan Mountains, a narrow range with an average altitude of 10,500 to 11,000 ft. (3,200 to 3,500 metres).

The Ordos region lies east of Alashan, within the loop of the Hwang-ho. It is, for the most part, a level steppe partly bordered by low hills. The soil is altogether sandy or a mixture of clay and sand, ill adapted for agriculture. The absolute height of this country is between 3,000 and 3,500 ft. (900 and 1,060 metres), so that Ordos forms an intermediate step in the descent towards China. The northern part of the loop is filled with a succession of sand-dunes.

North of the Ordos, beyond the Hwang-ho, there is a succession of mountain ranges, including the In-shan, which connect eastward with the Khingan Mountains. These mountains have well-watered valleys and

abundant vegetation. Along the Hwang-ho there is a strip of alluvial land, thickly populated and cultivated by Chinese settlers.

In the country of the 'Forty-nine Banners' which borders China proper from the Hwang-ho bend as far as the confines of Manchuria, the altitude varies between 2,500 and 5,400 ft. (660 and 1,600 metres), with peaks rising 2,000 ft. (600 metres) above this level. East of the main Khingan the descent is comparatively rapid, though not abrupt, to the Taonanfu neighbourhood, where the average altitude is under 1,000 ft. (300 metres). In Inner Mongolia generally small lakes (*nor*) frequently fill the depressions, though the water in them is generally salt or brackish. The greater part of the 'Forty-nine Banners' country is fair grazing land, and much of it is quite suitable for agriculture, but as one goes north from Outer Chihli the soil is similar to the dry prairie of north and west Mongolia.

Lakes and River System

North-west Mongolia is abundantly supplied with rivers and lakes. Urianghai occupies the basin of the upper tributaries of the Yenisei, known as the Kemchik and the Ulu Kem, the latter being formed by the junction of the Bei Kem and the Khua Kem. The area of this basin covers about 64,000 square miles, and to the east of it lies Kossogol (Chubssugul), a large Alpine lake, at an altitude of 5,300 ft. The lakes in the middle region are mostly salt or brackish, and possess no outlet to the ocean. The chief of these is Ubsa Nor (altitude 2,400 ft., or 730 metres), occupying the lowest part of a large plain, and receiving from the east the River Tess. Farther south are the sister lakes Kirghis Nor (2,700 ft., or 820 metres) and Airyk Nor, which receive another large river, the Zapkhyn, and Lake Kungui. Near Kobdo, still farther south, the Kobdo river, rising in the Altai, enters Kara-ussu Nor (3,800 ft., or 1,160 metres), which is again connected with another large lake, Durga Nor, a short distance to the east. In

the third division of North-west Mongolia, south of the Egtagh (Mongolian Altai), is the Black Irtysh, which drains the north frontier; while the Urungu waters the more arid region bordering on Sinkiang and enters Ulungur Nor near Buluntokhoi. The Emil, which flows west into Lake Alakul, is the river of west Tarbagatai.

The principal river of Outer Mongolia is the Selenga, which has many tributaries, the chief of them being the Orkhon and the Tola, the Kerulon, and the Onon. The basin of the Selenga extends from Uliasutai to Urga over the whole northern part of the Tushetu and Sainnoin territories. Both this river and the Orkhon flow north-eastwards as far as their confluence on the Siberian frontier, and the Selenga is navigable from this point down to Lake Baikal, some 200 miles, steamers plying during part of the year to Selenginsk. The Tola, Kerulon, and Onon all rise in the Kentai group. The Tola flows south-west past Urga, and afterwards northwards into the Orkhon, which is 450 miles long, and joins the Selenga a few miles south-west of Kiakhta. The valley of the Kerulon forms a great natural highway across the Tsetsen khanate of Outer Mongolia, stretching eastwards into the Barukh country. Along a considerable portion of the lower reaches it is unfordable, and there are no boats, except at the ferries. The Onon and the Chikoi, another tributary of the Selenga, water fertile valleys on the Siberian frontier.

In the trans-Khingan portion of Inner Mongolia there are few rivers of any importance, but of the many lakes Dalai Nor is the largest. It is about 40 miles round, and has an altitude of 4,200 ft. (1,280 metres). It is generally shallow, and the ice on the lake does not thaw until the end of April. Its waters are clear, though impregnated with soda, and there are no boats on it.

On the western slopes of the Khingan a number of small streams and rivulets exist as far north as the Khalkha Gol, which is a considerable river emptying into the Buir Nor. In general, it may be said that in

South-east Mongolia streams are by no means infrequent, and grass grows more or less abundantly; but west of the route from Kalgar to Urga there is great dearth of water owing to the small precipitation. The Hwang-ho in its curved course around the Ordos plateau is not subject to inundations, and flows between low level banks through a populous and well-cultivated valley 20 to 40 miles broad. It is unfordable in any part, is much used by large boats, and could easily be navigated by river steamers. The rate of the current is nearly $3\frac{1}{2}$ miles an hour, and the voyage from Paotowchen up-stream to Ningsiafu may take over a month. In Alashan there are salt lakes here and there, Charatai-Dabasu being 33 miles round, and encrusted with a layer of fine salt, 2 to 6 ft. thick.

(3) CLIMATE

A large part of Mongolia is occupied by the Gobi, which, however, except in its rainless central region, is rather a steppe than a desert.

The difference in mean temperature between the northern and southern confines is marked, the range amounting to as much as 35° F. in the month of January, and averaging 19° F. throughout the year.

Long. 80° – 120° E.

(Mean Temperature, Fahrenheit, reduced to sea-level.)

	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.
North Mongolia	–5	10	30	40	60	70	75	70	60	45	25	10
South "	30	30	52	60	70	82	85	83	70	67	50	35
Range	35	20	22	20	10	12	10	13	10	22	25	25

During six months of the year, October to April, Mongolia is practically the centre of the high-pressure system prevailing over continental Asia. In May the high-pressure system has moved in a northerly direction, and in June, July, and August the barometer in Mongolia stands at its lowest.

At Urga (situated at an altitude variously stated to be from 3,800 ft. to 4,300 ft.), where the mean annual temperature is $27^{\circ} 5' \text{ F.}$, and the mean for January

– 16° F., an abnormal range of temperature is recorded, an absolute minimum of -45° F. having been reached in January and an absolute maximum of 101° F. in June.

The average rainfall at Urga, which is typical of that of northern Mongolia generally, amounts to less than 8 in. Of the total precipitation, 3 per cent. occurs in the winter, 8 per cent. in the spring, 79 per cent. in the summer, and 10 per cent. in the autumn. The total number of days of precipitation in the year is 44, the wettest month, July, averaging less than ten days.

With regard to air circulation, it is found that calms predominate at Urga, 41 per cent. of the total observations of the year recording calms, 17 per cent. winds from the north-west, 14 per cent. winds from the west, and 13 per cent. winds from the east. Westerly winds predominate in every month of the year.

(4) SANITARY CONDITIONS

The hardy open-air life which is led by the entire population keeps the people as a rule free from epidemic diseases, in spite of their extremely unclean personal habits. The commonest illnesses are rheumatism and syphilis. There is little malaria, and the traveller who avoids sleeping in the native tents has nothing to fear on the score of health in any part of Mongolia.

(5) RACE AND LANGUAGE

Race

The inhabitants of Mongolia consist in the main of various tribes of Mongols. In the far east, on the borders of Manchuria, there are a few Tungus tribes; in the north-west there are Turks, Manchus, and Chinese; in Inner Mongolia Chinese settlers abound; but over nine-tenths of the Mongol territory there is no population other than pure Mongol.

The race is divided by the Chinese into two great

classes, the Outer Mongols (Wai Meng-ku) and Inner Mongols (Nei Meng-ku). The former include the Khalkhas, the Kalmuks (Eleuths, Oölots) or West Mongols, and the Urianghai: the latter comprise the tribes of the 'Forty-nine Banners' inhabiting the country south and east of the Gobi which adjoins China Proper and Manchuria. The Khalkha nation is formed of four great tribes, the Tsentsen, Tushetu, Dzas-saktu, and Sainnoin, who occupy the whole of northern Mongolia from Uliasutai eastward to the Khingan range. The Kalmuk tribes are scattered in North-west Mongolia, Alashan, Kokonor, and Inner Mongolia. The Urianghai ('forest dwellers') are found in the upper Yenisei basin.

There are two smaller bodies of nomads which are not included by the Chinese among the Outer and Inner Mongols, namely the Chahars and the Barükhs (Russian Barga, Bargha). The Chahars inhabit the territory lying close to the Great Wall; they are organized into 'banners' like the Manchus, and placed under the control of a Chinese Lieutenant-Governor residing at Kalgan. The Barükh country, known to the Chinese as Hulun (Ku-lun)-buir, is a borderland wedged in between Manchuria, the Argun river, and Outer Mongolia. The Barükhs have since 1915 been ruled by a Governor of their own, appointed by the Chinese Government.

Outside Mongolia there are in Russian territory a considerable number of people of Mongol race. Kalmuks in numbers are found in Semiretchensk, Semipalatinsk, and the southern part of the province of Tomsk, and there is a section far to the west on the Volga. From their original seats in Dzungaria they turned in their migrations to the north, crossed the steppe of the Kirghiz, and thus gradually reached the Emba and the Or. Between these two rivers and the Ural the Torgod [Turgut] settled in 1616; thence they crossed the Volga in 1650, and took possession of the now so-called steppe of the Kalmucks, being followed in 1673 by the Derbet [Turbet] and in 1675 by the

Koshod [Khoshoit]. In 1771 a considerable number returned to the Chinese Empire.¹

The Buriats, of which there are 200,000 or 300,000 in Transbaikalia and the country around Lake Baikal, are Khalkhas who went to these parts towards the end of the seventeenth century. Unlike the Mongols and Kalmuks, who continue to live as nomads, the Buriats are farmers.

Language

The Mongol language is one of the great family which has of late years been named the Ural-Altaic, including the Finno-Ugrian, Turkish, Manchu, and Samoyede. There are three main dialects, East Mongol or Khalkha, West Mongol or Kalmuk, and Buriat, but the difference between them is so slight that whoever understands one understands them all. There is a small difference between the Mongol script proper and the Kalmuk, the latter being the later invention and more practical. The written language is quite distinct from the colloquial.

(6) POPULATION

Distribution

No census of Mongolia has ever been taken, and the accounts which have been published estimate the population at two to five millions. Either of these numbers is small for an area of over 1,300,000 square miles. The population is densest in the north and west along the Siberian frontier, and in the east and south-east close to Manchuria and China proper. In the centre, south, and south-west there are scarcely any inhabitants.

The Mongols, with few exceptions, are still nomads; and the tents are pitched to suit the pasturage of the flocks.

¹ *Encyclopædia Britannica*, 11th ed., xviii. 720.

Towns

Urga, the capital of Outer Mongolia, lies on a branch of the Tola river. It is the residence of the Cheptsun Dampa Khutukhtu, the Lamaist Pope and now a temporal sovereign also, and the religious centre of the Khalkha tribes. The inhabitants number about 40,000, of whom a third are Lama monks. The habitations are chiefly felt tents (*yurts*). Maimaichen is a trading town adjoining Kiakhta on the Siberian border 190 miles north of Urga; the inhabitants are mainly Chinese. Sambeise is the seat of a Mongol prince and a mart for Chinese traders. Uliasutai and Kobdo were important as the residences of official governors under the Manchus, and no doubt they continue to be so under the new rule of the Urga Khutukhtu. Chuguchak, on the extreme west frontier, is, like Kiakhta, an entrepôt for Siberian trade.

Dolon Nor (Lamamiao), though in Inner Mongolian territory, is a Chinese town, as are also Taonanfu and Paotowchen.

II. POLITICAL HISTORY

[This Section is intended to be read in conjunction with *China*, No. 67 of this series.]

CHRONOLOGICAL SUMMARY

- 1227. Death of Jenghiz Khan.
- 1368. End of the Mongol dynasty in China.
- 1644. Submission of Mongol tribes to the Manchu Emperor.
- 1757. Final conquest of West Mongolia by Ch'ien-lung.
- 1911. Outer Mongol princes ask for Russian protection (July) and declare independence (November).
- 1912. Mongols seize Hailar (January 15), Uliasutai (January 28), Kobdo (August 7), and Taonanfu (August 15).
- 1912. Taonanfu retaken by the Chinese.
- 1912. Agreement of Urga (October 12) between Russia and the Mongols.
- 1913. Russo-Chinese Declaration (November 5).
- 1914. Railway and Telegraph Agreements between Russia and Outer Mongolia (September 30).
- 1915. Treaty of Kiakhta, between Russia, China, and Outer Mongolia (June 7).
- 1915. Russo-Chinese Agreement as to the Barükh country (November 26).

(1) *Outline of Early History*

WE know little of Mongolia before the time of Jenghiz Khan, who died in A.D. 1227. Originally a minor nomad chief of the Kerulon valley, in the course of his lifetime his dominion was extended until it covered most of High Asia westward from the China Sea. His son Ogotai and his grand-nephews Mangu, Hulagu, and Kublai continued to conquer territories west and south, and on the death of the last (in 1294) the Mongol Empire was probably the most extensive known in history. But through the incompetence of Kublai's successors it declined as rapidly as it rose, and the Mongol dynasty came to an end in China, the principal seat of Mongol power, in 1368. Toghon Timur, the last Mongol occupant of the throne of China, was followed by a number

of Khakans who exercised an overlordship in the territory now known as Mongolia, but by the first half of the seventeenth century the Mongol tribes had gradually lost cohesion and had established scattered communities under as many chiefs all over the country. Some of these, whose lands were close to the Chinese borders, submitted to the Manchu Emperors within a few years of the downfall of the Mings (1644); the Khalkha nations who were more remote followed their example in the reign of K'ang-hsi (1661-1721), by whom the Dzungars were defeated; and in 1757 the final conquest of West Mongolia was accomplished by Ch'ien-lung.

(2) *Inner Mongolia*

At the fall of the Manchu Empire in 1911 this vast and, on the whole, inhospitable region was roughly divided by the Gobi into two great administrative divisions, Inner and Outer Mongolia. These divisions still subsist. Inner Mongolia, also known generally as the country of the 'Forty-nine Banners', extends along the north frontier of China proper from Kansu to Manchuria, and, stretching north-east on both sides of the Khingan range, bounds Manchuria on the west. The forty-nine 'banners' of the Inner Mongols are directly descended from the organization of the Jenghizide Khans, which was continued by their descendants after the expulsion of the Mongol (Yüan) dynasty from China (A.D. 1368). They are divided into six leagues, which embrace the whole of the twenty-four tribes. The Inner Mongols had always been closely linked with the Manchu dynasty, and large portions of their territory had been gradually colonized by northern Chinese during the past century.

(3) *Outer Mongolia*

Outer Mongolia is a wide zone adjoining the Siberian frontier for 2,000 miles from Manchuria to Turkestan. It is inhabited by Khalkha tribes in the east and centre, and by Kalmuks (Eleuths or Oëlots) in the west.

Three of the four great divisions of the Khalkhas—Tsetsen, Tushetu, Dzassaktu, and Sainnoin—are governed by rulers bearing the old title of Khan—Tushetu Khan, Tsetsen Khan, and Dzassaktu Khan—and there are 86 'banners' in the whole Khalkha nation. The principal centre of Chinese authority as exercised on the Khalkhas was at Uliasutai, a town in the Sainnoin territory, where a Military Governor was stationed. He was assisted by Khalkha princes from the four tribal divisions, each of whom took turns of residence for three months at Uliasutai. Urga, a town in the Tushetu country, is the administrative centre of the Tushetu and Tsetsen khanates, and the seat of the Cheptsun Dampa Khutukhtu, the Lamaist Pope of Mongolia, through whose spiritual influence Chinese authority over the Khalkha chiefs was largely maintained. To ensure this, an Imperial Agent or Amban was stationed at Urga, with co-ordinate authority in matters relating to the Mongols and special control of the frontier trade at Kiakhta.

The organization of the Kalmuks suffered from the wars of the eighteenth century with Tibet and China, and the tribes are much scattered. Most of them inhabit North-west Mongolia; a large body live in the Kokonor region and on the north border of Tibet; and another large section, the Alashan Mongols, are found in Kansu and along the western bend of the Hwang-ho. The Urianghai and West Mongol tribes were placed under the Military Assistant-Governor at Kobdo, subject to the authority of Uliasutai; and a Comptroller-General at Siningfu (Kansu) supervised the Mongols and Tanguts of Kokonor and the Tibetan border.

(4) *Attempts by China to tighten Control. Intervention of Russia*

The steps taken by the Peking Government in the closing years of Kuang-hsü (1875-1908) to reduce the Mongolias more to the status of Chinese provinces

plenipotentiaries 'duly authorized by the Sovereign of the Mongol people, by the Mongol Government, and by the governing princes'. The preamble stated that 'following a unanimous desire of the Mongols to maintain the national and historic constitution of their country, the Chinese troops and authorities were obliged to evacuate Mongol territory and the Cheptsun Dampa Khutukhtu was proclaimed Sovereign of the Mongol people. The ancient relations between Mongolia and China thus came to an end.' The Russian Government undertook to assist Mongolia to preserve the autonomy thus established and also the right to have a national army, and to forbid the presence of Chinese troops or colonization by Chinese on Mongol territory. In a Protocol annexed to this agreement elaborate arrangements were made giving Russian subjects complete liberty of trade in Mongolia free of 'duties, taxes, or other dues', and other special privileges.

(7) *Mongol-Tibetan Treaty, 1913*

This Russo-Mongol agreement was immediately followed by a Mongol-Tibetan Treaty of alliance, also concluded at Urga by representatives of the Dalai Lama and of the Khutukhtu (December 29, 1912/January 11, 1913), which, though of no political importance, is interesting from the fact that the initiative in the matter is said to have come from the Tibetan side. The readiness displayed by the Urga Government to accept the Dalai Lama's proposal was explained by the great moral and religious significance attached to the benediction and approbation of the Supreme Head of the Lamaistic Church. To the Khutukhtu, who stood lower in the spiritual hierarchy, a proposal to conclude an agreement on equal terms could not but be flattering.

The preamble of the treaty asserted that Mongolia and Tibet had freed themselves from the Manchu dominion and had become independent states, and that the new alliance was formed in view of the com-

munity of religion. Each state recognized the other's independence, and both agreed to work together for the advancement of Buddhism, and engaged to assist each other against external and internal dangers.

(8) *Russo-Chinese Declaration, 1913*

The Russo-Mongol agreement was an unpleasant surprise to the Chinese. It was also apparent to the Powers that such a recognition of Mongolian independence would create a political situation which was not contemplated when they pledged themselves to maintain the integrity of the Chinese Empire. There was a widespread feeling, fostered by the Chinese press, that the Republic should take up the challenge, and there was some talk of sending a force to Urga. Instead, discussions took place with the Russian Government, which resulted in a declaration and exchange of notes at Peking on November 5, 1913. In the declaration Russia recognized the suzerainty of China over Outer Mongolia, and China on her side recognized the autonomy of Outer Mongolia. China was allowed to station a 'Chinese Dignitary with staff and escort' at Urga, and to send agents in case of need to other localities: at the same time she undertook not to interfere in the internal administration of Outer Mongolia, not to send troops or maintain any other civil or military officials there, and to abstain from all colonization. Russia, on the other hand, undertook not to interfere in any part of the administration, not to maintain troops other than consular guards in the country, and to refrain from colonizing it. China declared herself ready to accept the good offices of Russia to establish her relations with Outer Mongolia in conformity with the principles above stated, and with the terms of the Urga Agreement of 1912. In the notes exchanged, Russia recognized that Outer Mongolia 'formed part of the territory of China'. Autonomous Outer Mongolia was defined to include the regions which had been under the jurisdiction of the Urga

Amban, the Military Governor at Uliasutai, and the Kobdo Amban: and it was arranged that 'so far as political and territorial questions are concerned the Chinese Government will act in agreement with the Russian Government by negotiations in which the authorities of Outer Mongolia will take part'.

(9) *Russo-Mongol Railway and Telegraph Agreements, 1914*

Following the arrangements of 1912 and 1913 above described, railway and telegraph agreements were concluded between Russia and Outer Mongolia on September 30, 1914. In the railway agreement Russia 'recognized the right of the Outer Mongols to construct railways in their own territory': at the same time should they desire to grant a concession to a private person they must first consult Russia; should assistance be required to build railways Russia will give it; and the two Governments will jointly discuss the routes of the railways which may be necessary to serve both countries.

(10) *Tripartite Treaty of Kiakhta, 1915*

The political position of Outer Mongolia, as it was established by the Russo-Mongol Urga Agreement and by the Russo-Chinese instruments of November 5, 1913, was consolidated by a tripartite treaty signed at Kiakhta on June 7, 1915, by representatives of Russia, China, and Outer Mongolia. This comprehensive document covers the whole field of the Outer Mongol relations with the suzerain, China, with Russia, and with other countries. Outer Mongolia recognized the 1913 declaration and the suzerainty of China; Russia and China on their side recognized the autonomy of Outer Mongolia. The latter was declared not to possess the right to conclude treaties with foreign Powers concerning political or territorial questions, but was conceded the right to contract treaties of commerce and industry. The Khan of Outer Mongolia received

his title from China; the Chinese representative dignitary was given the place of honour on ceremonial occasions; and the Chinese calendar was to be employed by Outer Mongolia in official documents. The Chinese in Outer Mongolia were placed under Chinese jurisdiction, and the Chinese dignitaries were expressly empowered to protect suzerain rights and interests. The escorts of the Chinese dignitaries at Urga, Uliasutai, Kobdo, and Kiakhta; the Russian consular escorts; duties on trade; jurisdiction and procedure in mixed cases; telegraphs and posts; residences of Chinese dignitaries, were all arranged for in detail; and provision was made for a formal delimitation of the limits of Outer Mongolia as laid down in the Peking notes of November 5, 1913, within two years from the date of the tripartite treaty.

(11) *Russo-Chinese Agreement as to the Barūk Country, 1915*

Another arrangement was concluded on November 26, 1915, between Russia and China 'on the subject of the Houlounboui situation'. The Barūk country (Hulun-buir), to which this refers, contains two important stations on the Trans-Siberian Railway, Hailar and Manchuria; these stations were opened to foreign trade by the Sino-Japanese Additional Agreement signed at Peking on December 22, 1905. It appears that the Barūks declared themselves independent in the early part of 1912. Article I of the new arrangement makes Hulun-buir 'a district under the control of the central government of the Chinese Republic'. The Governor (*Fu-tu-t'ung*) is appointed by the President and enjoys the powers of a provincial governor. China is entitled to send troops thither 'in case of disorder' on giving notice beforehand to Russia, and the troops must be retired when order is restored. All taxes, except the customs and salt gabelle (which revert to China), are to be devoted to local needs. Chinese and Barūks are on a footing of equality in the country, but the

HISTORY

land being (after the nomad system) the common property of the whole people, no Chinese can acquire more than a lease for a fixed term. Should capital be required for railways, the Chinese Government is in the first place to apply to Russia, and branches of the Chinese Eastern Railway (Trans-Siberian) can only be made with the consent of China, which will not be refused without special reason. The effect of this arrangement was to place the Barukh country in a position similar to Outer Mongolia, and under the special protection of Russia.

AUTHORITIES

See *China*, No. 67, and *Manchuria*, No. 69, of this series.

MAPS

A sketch map of Mongolia, showing rivers and chief towns, on the scale of 1:7,500,000 has been issued by the Intelligence Division of the Naval Staff (1919) in connexion with this series.

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The following is a complete list of the Handbooks prepared under the General Editorship of Sir George W. Prothero, late Director of the Historical Section of the Foreign Office.

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HISTORICAL SECTION OF THE FOREIGN OFFICE.—No. 69*

MANCHURIA

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1920



EDITORIAL NOTE

IN the spring of 1917 the Foreign Office, in connexion with the preparation which they were making for the work of the Peace Conference, established a special section whose duty it should be to provide the British Delegates to the Peace Conference with information in the most convenient form—geographical, economic, historical, social, religious, and political—respecting the different countries, districts, islands, &c., with which they might have to deal. In addition, volumes were prepared on certain general subjects, mostly of an historical nature, concerning which it appeared that a special study would be useful.

The historical information was compiled by trained writers on historical subjects, who (in most cases) gave their services without any remuneration. For the geographical sections valuable assistance was given by the Intelligence Division (Naval Staff) of the Admiralty; and for the economic sections, by the War Trade Intelligence Department, which had been established by the Foreign Office. Of the maps accompanying the series, some were prepared by the above-mentioned department of the Admiralty, but the bulk of them were the work of the Geographical Section of the General Staff (Military Intelligence Division) of the War Office.

Now that the Conference has nearly completed its task, the Foreign Office, in response to numerous inquiries and requests, has decided to issue the books for public use, believing that they will be useful to students of history, politics, economics, and foreign affairs, to publicists generally and to business men and travellers. It is hardly necessary to say that some of the subjects dealt with in the series have not in fact come under discussion at the Peace Conference; but, as the books treating of them contain valuable information, it has been thought advisable to include them.

It must be understood that, although the series of volumes was prepared under the authority, and is now issued with the sanction, of the Foreign Office, that Office is not to be regarded as guaranteeing the accuracy of every statement which they contain or as identifying itself with all the opinions expressed in the several volumes ; the books were not prepared in the Foreign Office itself, but are in the nature of information provided for the Foreign Office and the British Delegation.

The books are now published, with a few exceptions, substantially as they were issued for the use of the Delegates. No attempt has been made to bring them up to date, for, in the first place, such a process would have entailed a great loss of time and a prohibitive expense; and, in the second, the political and other conditions of a great part of Europe and of the Nearer and Middle East are still unsettled and in such a state of flux that any attempt to describe them would have been incorrect or misleading. The books are therefore to be taken as describing, in general, *ante-bellum* conditions, though in a few cases, where it seemed specially desirable, the account has been brought down to a later date.

G. W. PROTHERO,

*General Editor and formerly
Director of the Historical Section.*

January 1920.

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I. GEOGRAPHY PHYSICAL AND POLITICAL

(1) POSITION AND BOUNDARIES

MANCHURIA, the north-easternmost dependency of China, is bounded by the Chinese provinces of Chihli and Mongolia on the west; by the Siberian provinces of Transbaikalia, Amursk, and Primorskaya on the north-west, north-east, and east; and by Korea on the south-east. On the south it projects into the Yellow Sea, the Liaotung peninsula being washed by the Gulf of Liaotung to the west and Korea Bay to the east. It lies between $38^{\circ} 40'$ and $53^{\circ} 30'$ north latitude and about 116° and 135° east longitude. The area is probably something over 350,000 square miles.

The frontiers on the north, east, and south are clearly demarcated, almost wholly by rivers and the sea. The western boundary is for the greater part undefined in any reliable document or map, and is political or ethnical.

The diplomatic instruments in which are recorded the limits on the north and east of Manchuria between the Russian and Chinese dominions are the Treaty of Nertchinsk, 1689, the Treaty of Aigun, 1858, and the Treaty of Peking, 1860. By the first the Argun river was adopted as the boundary in the north-west, and this is the only portion determined in 1689 which has remained unchanged; by the second the Amur was made the frontier from the Argun to the Ussuri river on the north-east; and by the third the Ussuri, Lake Hinka, and a portion of the watershed as far as the Tumen river were fixed as the limits on the east.

Between Korea and Manchuria (provinces of Kirin and Shengking or Fengtien) the long-established boundaries are the Yalu and Tumen rivers, the sources of

which almost meet in the highest summits of the Changpai-shan (Ever White Mountains). A vexed question arose between China and Japan, after the Russo-Japanese War, in regard to a portion of the Korean frontier (Chientao): this dispute was settled by an agreement of September 4, 1909, in which the Tumen was adhered to as the boundary.

On the west, between Manchuria and Mongolia, the boundary lies between the grazing-grounds of Mongol tribes and the cultivated lands of Chinese immigrants from Chihli and Shantung. In some maps the line is drawn to include in Manchuria the Barükh (Barkhut, Bargu, or Barga) country in the north-west, but the Barükh's are nomads, under a separate organization like the Chahars on the Chihli border, and their country must in an ethnical sense be considered part of Mongolia; politically the Chinese regard them as neither Mongol nor Manchu. South of the Barükh country the administrative boundary has been steadily advancing westward with the movement of Chinese colonization, and is now west of Taonanfu in land traditionally Mongol. The south-western boundary of Shengking between that province and Chihli is an old-established one, and can be relied upon.

If Barükh is included in Mongolia, the boundary runs north-west and south-east, crossing the Khingan range in about longitude 120° east, and turns sharply eastward to the Nonni river in latitude 47° north; thence it trends south and west across the valley of the Liao and Ta-ling rivers to the sea near Shanhai-kwan.

(2) SURFACE, COAST, RIVERS, AND LAKES

Surface

The line of the Amur and Sungari rivers from Khabarovsk to Harbin divides Manchuria into two approximately equal parts, each of which has a mountain system of its own.

In the northern half, which consists of the province

of Heilungkiang, the Great Khingan Mountains run from north to south across the western part of the province and continue into Mongolia, while the Little Khingan range roughly follows the line of the Amur along the eastern border. These two ranges are linked together in the northern part of the province by the Ilkhuri-alin range.

The Khingan system, which covers the greater part of Heilungkiang, seldom rises beyond 4,000 or 5,000 ft., and is covered with dense forests. In the southern half, which consists of the provinces of Kirin and Shengking, the mountain system consists of a number of ranges radiating from a peak 8,000 ft. high on the south-eastern border. These mountains are lower as they trend southwards, their chief characteristic being that they are precipitous towards their summits. Lava is seen in the neighbourhood of Ninguta, 40 miles south of which is a very extensive lava field called the Plain of Stone. All the mountains are clothed with timber and cut up by ravines.

The flat country, which is in places very fertile, is confined to the basins of the Liao and the Sungari, and to the steppes north of Tsitsihar. The soil of the Liao is alluvial; that of the Ashiho plain around Harbin is composed of black earth and yellow clay; while that of the Liaotung peninsula is of a sandy nature with a mixture of gravel.

Coast

The coast-line of Manchuria measures some 600 miles in length, stretching from the Great Wall at Shan-haikwan (Linyü) to the mouth of the Yalu. There is a small junk harbour near Shanhaikwan, available as a landing-place for boats, and the shore is here low, being the edge of an undulating plain 10 miles in breadth, broken, however, by low headlands terminating in reefs.

There are two harbours frequented by junks on this section of the coast; one between the island of Tao-hua and the mainland, which serves as the seaport of

Ningyüanchow; the other at Ta-chia-tsun at the head of Chinchowfu Bay. An artificial harbour has also been constructed on the south side of Hulutao promontory, which can be kept free of ice in winter, and has depths of 18 to 30 ft. The head of the gulf is bounded by a great plain, and the shore after turning eastward becomes very low. Three miles north-north-east of Kaichow Point the Kaichow river flows into the bay. Owing to the shallowness of the approach, it is navigable by small craft only, and large junks have to lie about 3 miles off shore. Hills now begin to rise from the plains, and 12 miles inland a mountain ridge, 2,000-3,000 ft. high, extends parallel to the coast into the leased territory of Kwantung. In the Liaotung peninsula, these hills tend to hug the north-west coast, so that the slope on that side is steep.

From Kaichow Point to Fuchow Bay the coast is indented but affords little shelter. A favourable anchorage is found in Hulu-shan Bay, some 17 miles south-west of Fuchow Bay, which is sheltered by the island of Changsing, except from westerly winds. Two smaller islands, Hsichung and Fengming-tao, lie to the south, at the entrance of Society Bay, which is 26 miles across and 20 miles deep. Its head is divided by a rocky promontory into two parts: (1) Port Adams, the northern arm, is an inlet 18 miles long, with a navigable channel 2 to 8 cables broad, which gradually decreases to a shallow mud flat with narrow channels suitable for very small craft. The southern side is fertile and well cultivated, but the northern is steep and barren. (2) The southern arm of Society Bay is Kinchow Bay, which has depths of 1 to 2½ fathoms and a soft mud bottom. Farther west is Cape Collinson, and 14 miles farther south is Laotieh-shan promontory, with two small bays which afford shelter in 4 fathoms from all but westerly winds.

Eight miles from Laotieh-shan promontory is the military port of Lü-shun-kou or Port Arthur, a large inlet with an entrance about 300 yds. wide. It is available for vessels of all sizes, and is ice-free in

winter. The East Port is a tidal basin, 500 by 350 yds., and 23 to 26 ft. deep. The West Port contains many mud flats, but a certain area has a depth of 21 to 35 ft. East of Hsiaoping-tao, a narrow peninsula 261 ft. high, the coast becomes broken and rocky. Thirty miles east by north of Port Arthur is Talienwan Bay, 6 miles wide and 6 miles deep. Dairen (Dalny), 40 miles by rail from Port Arthur, is on the south shore of Victoria Bay. The outer part of the bay is generally free from ice in winter, and though the inner bay may freeze slightly, it seldom interferes with navigation. East of Talienwan Bay is Yentao Bay, which affords a well-sheltered anchorage, but is rather shallow. At its head is the mouth of the Wu-hu-men river.

The coast from this point trends east-north-east for 76 miles to the mouth of the Tayang-ho, and is hilly and bordered by extensive mudbanks. About 9 miles north-east of Terminal Head is the mouth of the Tasha-ho, and 6 miles farther in the same direction is the small town of Pi-tzu-wo, with an ice-free harbour much frequented by junks. From Pi-tzu-wo to the Yalu river the sea along the coast is very shoal, and there are three principal groups of islands lying off it, the Blonde, Elliot, and Bouchier. Farther out is the island of Haiyang-tao, with a peak 1,320 ft. high. Thornton Haven on its western side is the only harbour in these islands where small vessels may find shelter in 3½ to 4 fathoms. Four small streams flow into the sea between Pi-tzu-wo and the Tayang-ho, a somewhat larger river which can be ascended by boats as far as Taku-shan, 8 miles from the mouth. Larger junks and small steamers anchor some miles off the coast, south of the island of Talu-tao.

Tatungkow, a treaty port, is situated at the head of a tidal creek just within the mouth of the Yalu river. Two narrow channels lead into the Yalu, of which the eastern is most used by vessels proceeding to Antung, some 20 miles up the river. For four months in the year the approach is ice-bound.

Rivers

As regards rivers, Manchuria falls into two well-defined portions corresponding almost exactly, one with the southern province of Shengking, which drains into the Yellow Sea, the other with the two northern provinces of Kirin and Heilungkiang, which drain into the Amur, with the exception of a small area in the south-east of Kirin, the waters of which find an outlet into the Sea of Japan.

The greatest Manchurian river is the *Amur*. Formed by the confluence at Ust-Strelotchnoi of the Shilka, whose course lies wholly in Siberia, and the Argun, which separates Manchuria from Russian territory on the north-west, the Amur itself constitutes the northern and north-eastern frontier as far as Khabarovsk, and eventually flows into the Gulf of Tartary at Nicolaevsk. There are the wildest discrepancies in the figures given for the length of the river. The fact seems to be that the actual course from Ust-Strelotchnoi to Nicolaevsk is between 1,600 and 1,800 miles, but by reckoning up to the head-waters of various constituent streams, the Argun, the Shilka, or the Onon, different authorities arrive at totals of 2,700 or even 2,920 miles.

For the first 337 miles of its course, the Amur flows through a narrow valley deeply cut into the plateau. This widens for the 263 miles above Blagoveschensk, but there is very little cultivation, and the river is constantly changing its course. Below Blagoveschensk, the Amur in its middle course waters the high fertile plains (1,000 ft. above sea level), which stretch between the Ilkhuri-alin and Little Khingan Mountains. The stream here divides into several branches, sometimes 5 miles apart. At Pashkova it enters a gorge 87 miles long, and then issues into the lowlands, attaining the most southerly part of its course at its junction with the Sungari, whose volume of water is nearly equal to its own. After this it widens still more, dividing into large branches enclosing islands, and during summer rains rising considerably and forming lakes 10 to 12

miles wide on both banks. The Amur is closed by ice from October to May.

Proceeding up-stream, the first southern tributary of the Amur is the *Ussuri*, which rises in the mountains north of Vladivostok and forms the boundary between Manchuria and the Primorskaya from Lake Hinka (Khanka) to its confluence with the Amur near Khabarovsk. It is in all 350 miles long.

The next and most important tributary is the *Sungari*, which with its tributaries waters the great central basin of Manchuria, and whose drainage area must amount to about half the whole country. Rising on the north-western slopes of the Changpai-shan range, the Sungari first flows north-west past Kirin to join the Nonni, and then north-east past Harbin into the Amur, at a point 135 miles above Khabarovsk and the junction of the Ussuri. Its length is some 600 miles. Above its junction with the Nonni the Sungari is also sometimes known as the Sonhoa-kiang.

The Sungari has two important tributaries, the Nonni and the Hurka. The *Nonni* rises on the eastern slopes of the Great Khingan Mountains north of Tsitsihar, and flows from the north to join the Sungari not far from Petuna. Small craft are said to ascend it for some 350 miles as far as Mergen, a Chinese garrison town about 125 miles south-west of Blagoveschensk, above which point its course has not been fully explored.

The *Hurka* or Mutan-kiang rises about 100 miles south-west of Ninguta and almost the same distance south-east of Kirin, and after passing Ninguta flows due north into the Sungari at Sansing, some 200 miles above its junction with the Amur. Its total course measures over 250 miles.

The *Argun*, which flows from the Dalai-nor or Kulun-nor lake to Pokrovsha, completes the list of the principal Manchurian tributaries of the Amur. Three smaller streams, the Kumara, the Panga, and the Albasicha, drain the northern portion of Heilungkiang.

The only eastward-draining river of Manchuria is

the *Tumen*, which, rising on the eastern slope of the Changpai-shan range, forms the boundary between northern Korea on the one hand and Manchuria and the Primorskaya on the other, and flows into the Sea of Japan, after a course of over 200 miles.

In the south the chief rivers are the Yalu and the Liao. The *Yalu*, whose head-waters are on the south of the Changpai-shan range, forms for its entire course the south-eastern boundary of Manchuria, separating it from Korea, and flows into the Gulf of Korea near Tatungkow. It has a course of some 300 miles.

The *Liao* river rises beyond the borders of Manchuria, and its upper course, known as the Sharamuren, forms for more than 300 miles the boundary between Mongolia and Chihli. The name *Liao*, however, is also applied to a northern tributary which joins the main stream just above Tungchiangtzu and is properly known as the Tung-liao or Hersu river. A more important tributary is the Hun-ho, on which stands Moukden, and which unites, shortly above its confluence, with the Taitze-ho from Liaoyang. The *Liao* river flows into the Gulf of Liaotung, after a Manchurian course of some 250 miles, and its mouth is much obstructed with sand-banks.

Lakes

These are few and unimportant. South of Ninguta is Lake Birten (Nan-hu); north of Vladivostok the boundary of Manchuria passes through the upper waters of the large Lake Hinka; and in the Barga country are the Dalai-nor (Kulun-nor) and Buir-nor. There are considerable marshy regions along the courses of the Sungari and Nonni.

(3) CLIMATE

The climate of Manchuria is continental, with a short spring and autumn, a very cold winter, and a hot summer. From November to March north to north-

easterly winds prevail. In March strong south-westerly winds set in and blow for about two months; and in summer southerly and south-westerly winds prevail. Sudden northerly gales occur and are to be looked for in October.

The frozen season extends in the north from October to the end of April, and the temperature not infrequently falls to -58° F. (-50° C.), while the ice on the Shilka and the Argun rivers is 6 ft. thick. The cold is less intense in central Manchuria and decreases considerably in the south, where the frozen season ends at the beginning of April. Thus the temperature of Harbin averages -1.5° F. (-18.5° C.), of Moukden, 7.5° F. (-13.5° C.), and of Dairen, 24.5° F. (-4.2° C.). Dairen and Port Arthur are ice-free ports, but the river mouths and the rivers themselves elsewhere are frozen for about six months in the year, and the ice is thick enough for cart traffic.

April is the spring month in the greater part of Manchuria, the temperature averaging 42° F. (5.5° C.) at Harbin, 48° F. (8.8° C.) at Moukden, and 47.5° F. (8.5° C.) at Dairen.

In May summer begins, and in June, July, and August the heat is great, the temperature averaging about 75° F. (23.8° C.), the maximum being 99° or 100° F. (37.2 – 37.7° C.). The difference in the summer heat of the northern and southern districts is slight, the central parts of the province being hottest. October is the pleasantest month of the year.

The average annual rainfall for the province is 21.3 inches (540 mm.), of which 26 per cent. falls in July and 21 per cent. in August. The rainy season lasts longer in the north, but there the rain is lighter. In the south it is very heavy for a short period, and renders the country impassable, except in the few districts where modern roads have been made. The snow-fall is comparatively light, covering the highways to a depth of one or two feet, and permitting the use of sledges.

(4) SANITARY CONDITIONS

The climate of Manchuria is healthy, the summer heat being temperate, and the winter, though severe, dry and invigorating, so that with ordinary precautions in the sterilizing of water and food and with sanitary surroundings the European has nothing to fear.

The common diseases among the Chinese are a mild type of enteric fever, small-pox, dysentery, and a sort of ophthalmia. The last is occasioned by dust and aggravated by dirt and neglect; it can be cured if taken in time, but if treated by the native methods frequently results in blindness.

(5) RACE AND LANGUAGE

The original Manchus belonged to the Tungusic branch of the Ural-Altaic family. For a long time they were able to resist penetration by the Chinese, but in modern times the latter flowed into the country, and now constitute 90 per cent. of the population. The two races have mixed, and pure Manchus are found only in the northern parts of the basin of the Sungari and along the Ussuri. In Heilungkiang and eastern Kirin there are a number of small Tartar tribes, such as the Yu-pi-ta-tzu or Fish-skin Tartars on the Sungari, below Sansing, and the Gilyaks, or Long-haired Tartars, on the upper Amur and its tributaries; besides the Sibo and Solon Manchus, the Olcha, and the Goldi. In the districts adjoining the Tumen river large numbers of Koreans have settled, and form the majority of the population. There are also some Japanese and Russians, who are mostly settled along the railways.

Chinese is the common language of Manchuria, as the Manchu language is practically extinct. The latter is of Tungusic origin, composed of dissyllabic roots, the meaning of which is modified by agglutinative suffixes. Japanese is to some extent spoken in southern Manchuria and Russian in the north.

(6) POPULATION

Distribution

According to the Minchengpu census of 1910 the population of Manchuria was 14,917,000. The Customs estimate for the same year was 17,000,000. The Japanese *Official Guide* gives an intermediate figure, 15,834,000, distributed as follows:

	Area. Sq. Miles.	Population.	Density per Sq. Mile.
Heilungkiang .	166,700	1,456,000	8.73
Kirin .	100,000	4,222,000	42.22
Shengking .	88,900	10,156,000	114.24
Totals .	355,600	15,834,000	44.5

The following figures are taken from the *Statesman's Year Book* for 1918:

	Area. Sq. Miles.	Population.	Density per Sq. Mile.
Heilungkiang .	203,000	1,500,000	7.39
Kirin .	105,000	6,000,000	57.14
Shengking .	56,000	10,312,241	184.14
Totals .	364,000	17,812,241	48.93

The bulk of the population is congested along the railways, in the Liao valley, and in the Sungari basin.

The Hunchun and Lungchingtsun districts in the Tumen basin have populations of 40,000 and 125,000 respectively. For the rest the country is sparsely populated, the inhabitants being scattered in small towns and villages; or, in the north especially, leading a nomadic life and engaged in hunting and trapping.

Towns

The chief towns in the north are Aigun (30,000), opposite Blagoveschensk on the Amur; Manchuria Station and Khailar on the Chinese Eastern Railway; and Tsitsihar (30,000) on the Nonni river.

In the Sungari basin are Kirin (about 100,000); Peltuna or Sinchengfu (30,000); Shwangchengfu (40,000);

Harbin (about 100,000); Hulan (30,000); Bayansusu (30,000); Ashiho (30,000); Sansing (15,000); and Ninguta on the Hurka (30,000).

On the North China Railway are Chinchowfu (30,000) and Newchwang (70,000). On the Southern Manchuria Railway are Changchun (about 100,000); Kaiyuan (28,000); Tiehling (33,000); Moukden (173,549); Liaoyang (30,000); Haicheng (15,000); Kaipingsien (17,000); Dairen or Dalny (46,000); and Port Arthur (45,000).

Movement

In the absence of reliable statistics it is impossible to speak of the birth and death rates or of the increase and decrease of the population in general. The chief source of increase is immigration, the immigrants coming from Mongolia, Korea, Russia, Japan, and more especially from China.

In the Tumen basin alone there are not less than 60,000 Chinese settlers. There must be quite 50,000 Russians and about the same number of Japanese, settled mainly along the railways. But the main flow of immigrants comes from the Chinese provinces of Chihli and Shantung. It is said that 250,000 Chinese come over from Shantung every spring, and though the majority of them return in the autumn, there are always a number of permanent settlers. It is estimated that 100,000 Chinese have settled in the Kirin district alone during the last eight years.

II. POLITICAL HISTORY

[This Section is intended to be read in conjunction with *China*, No. 67 of this series.]

CHRONOLOGICAL SUMMARY

Tenth century. Establishment of the Liao dynasty by the Khitans.

1115. Foundation of the Chin dynasty by the Nüchêns. Thirteenth century. The Nüchêns driven out by the Mongols under Jenghiz Khan.

1644. Fall of the Ming dynasty. Rule of the Manchus.

1689. Treaty of Nertchinsk between Russia and China.

1847. Russian exploration of the Amur.

1851. Nicolaevsk and Mariinsk founded.

1853. Alexandrovsk and Constantinovsk founded.

1858. Treaty of Tientsin between China, Great Britain, France, Russia, and America.

1858. Treaty of Aigun between Russia and China.

1860. Convention of Peking between Russia and China.

1881. Treaty of Petersburg between Russia and China.

1895. Treaty of Shimonoseki between China and Japan.

1897. Seizure of Kiaochow by Germany (November).

1897. Russian fleet sent to Port Arthur (December).

1898. British cruisers at Port Arthur (January).

1898. Port Arthur leased to Russia (March).

1899. Russo-British Railway Agreement.

1900. The Boxer outbreak.

1900. Manchurian provinces declare war on Russia (June).

1900. Occupation of Manchuria by Russia.

1902. Russo-Chinese Agreement of Peking for the evacuation of Manchuria.

1902. Convention between Manchuria and Japan.

1905. Treaty of Portsmouth.

1905. Treaty of Peking and additional Agreement between Japan and China.

1909. Boundary and Railway Agreements between China and Japan.

1910. Russo-Japanese Convention.

1910. Annexation of Korea by Japan.

1911. Treaty of Tsitsihar between Russia and China.

1914. Capture of Kiaochow.

1915. Treaties and exchange of Notes between China and Japan.

1916. Russo-Japanese Treaty.

Early History.—Before the conquest of China by the Manchus, Manchuria was the abode of various tribes of the Tungus race, sparsely distributed along the courses of the rivers. These tribes were known to the Chinese under many names, amongst which Khitan and Nüchên (Nüchih) stand out; they were mostly forest hunters, though those in southern Manchuria became to a large extent farmers. The Khitans made their first appearance in the beginning of the tenth century, when they established the Liao dynasty and ruled a territory embracing much of south-west Manchuria, east Mongolia, and north Chihli. Two centuries later they were in turn overthrown by the Nüchêns, who were the direct ancestors of the Manchus. In 1115 the Nüchêns founded the Chin (Golden) dynasty, and, a century later, were driven out by the Mongols under Jenghiz Khan; but their descendants, the Manchus, returned to power on the fall of the Ming dynasty (1644), and ruled the Chinese Empire until the revolution of 1911.

Treaty of Nertchinsk, 1689.—Early in the seventeenth century the Russian penetration of Siberia extended to the Amur basin and led to conflicts with the newly-established Manchu dynasty. These were put an end to by the Treaty of Nertchinsk (1689), under which the Russians were forced to retire behind the Argun river and beyond the Amur watershed on the north.

Treaty of Aigun, 1858, and Treaty of Peking, 1860.—Early in the nineteenth century the attention of the Russian Government was again directed to the Amur, and an unsuccessful attempt appears to have been made to obtain from the Chinese the right of using it to facilitate communication with Okhotsk and Kamtschatka. Later, under the active rule of Count Muraviev, Governor-General of Eastern Siberia, from 1847 onward the river was explored without reference to China, and settlements were established on its banks. In 1851 Nicolaevsk and Mariinsk were founded, and in 1853 Alexandrovsk and Constantinovsk were established on the sea-coast, all in territory which was

unquestionably Chinese according to the Treaty of Nertchinsk. These encroachments, and others of a more warlike nature, arising out of the needs of the Crimean War, were the subject of protest from China, whose hands were tied by the Taiping rebellion and the disputes with Great Britain; and finally, under pressure from Muraviev, the Treaty of Aigun was concluded (May 29, 1858) to regularize the new conditions. Under this the whole of the north bank of the Amur from the Argun fork to the sea was recognized as Russian; the south bank down to the Ussuri as Chinese; and the territory between the Ussuri and the sea was to be held in common, pending a settlement of the frontier. Later, advantage was taken of the second Chinese war with Great Britain to press claims to the Ussuri country, and on November 14, 1860, General Ignatiev signed a convention at Peking under which China ceded this tract to Russia.

For over 30 years little more was heard of Manchuria. The port of Newchwang, opened by the Treaty of Tientsin (June 1/13, 1858), was the only point of general foreign interest, and that was purely commercial, until the quarrel between Japan and China over Korea brought the question of Manchuria acutely to the notice of the European Powers.

Treaty of Shimonoseki, 1895.—Under the treaty of peace concluded at Shimonoseki on April 17, 1895, by Count Ito and Li Hung-chang, the southern portion of the Shengking (Fengtien) province of Manchuria was ceded by China to Japan.

There had been for some years a current of opinion that the ice-free port in eastern Asia which Russia was in search of was to be found in the territory thus handed over to Japan. At all events, Russia, in the interval between the signature and ratification of the Treaty of Shimonoseki, invited the Great Powers to intervene in order to preserve southern Manchuria to China, on the ground that the occupation of Port Arthur by Japan would 'destroy the political balance of the Far East'. France and Germany fell in with

this view, but Great Britain declined to do so. In May 1895 Russia, Germany, and France made joint representations to Japan, recommending her not to occupy permanently the territory ceded in southern Manchuria, and indications were given that the advice, if unheeded, would be supported by force of arms. Japan yielded to this coalition, and in a Convention of November 8, 1895, retroceded the districts in question, receiving as compensation a money payment of 30 millions of taels from China. In return for her services in this matter Russia was given by China the right to carry the Siberian Railway across northern Manchuria from Stretensk to Vladivostok (Chinese Eastern Railway); and it is further said that a secret treaty, known as the 'Cassini Convention', but more probably an understanding negotiated by Li Hung-chang at Moscow, gave Russia the right in certain contingencies to occupy Port Arthur.

In connexion with this and later events it may be mentioned that in 1896 an official statement was made in the Reichstag that Germany had come to an understanding with Russia on their respective interests in China.

Lease of Port Arthur, 1898.—After the seizure of Kiaochow (November 1897), and while Germany and China were negotiating, the Russian fleet was sent to winter at Port Arthur (December 1897), and when two British cruisers put in there in January 1898 the Russian Ambassador in London was instructed to request their withdrawal 'in order to avoid friction in the Russian sphere of influence'. In March 1898, when the German Convention was signed, a demand for a lease of Port Arthur and Talienwan was put forward by Russia. A sharp correspondence ensued between the British and Russian Governments. The British Government were not opposed to 'the lease by Russia of an ice-free commercial port connected by rail with the trans-Siberian railway', but pointed out that 'questions of an entirely different kind were opened if Russia obtained control of a military port in

the neighbourhood of Peking', and that the occupation of Port Arthur 'would inevitably be considered in the East as a standing menace to Peking and the commencement of the partition of China'. China, being unable to resist it, acquiesced in the demand; and the British Government received assurances that 'the Russian Government had no intention of infringing the rights and privileges guaranteed by existing treaties between China and foreign countries'. By an agreement of March 27, 1898, Port Arthur, Talienwan, and adjoining territory (Kwantung), all of which had been retroceded by Japan in 1895, were leased to Russia for twenty-five years.

Exchange of Notes between Great Britain and Russia respecting Railway Interests in China, 1899.—In the spring of 1898 the Chinese Government entered into negotiations with a British bank to raise a railway loan, secured on the lines already constructed, for an extension of the North China Railway through southern Manchuria to Newchwang. The Russian representative at Peking, M. Pavlov, demanded that the British engineer should be replaced in the sections north of Tientsin, and objected to these railways being mortgaged to British subjects with a right of control in case of default.

The British Government took the matter up strongly both at Peking and St. Petersburg as a breach of the Treaty of Tientsin, and in the end the British railway loan was carried through. At the same time an agreement was concluded between Great Britain and Russia, by an exchange of Notes on April 29, 1899, in which the former engaged

'not to seek for her own account, or on behalf of British subjects or of others, any railway concessions to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railway concessions in that region, supported by the Russian Government';

while Russia, on her part, gave an identical undertaking with respect to railway concessions 'in the basin

of the Yangtze' and applications for railway concessions in that region, supported by the British Government.

Occupation of Manchuria by the Russians and Russo-Chinese Agreement of 1902.—During the Boxer outbreak the Governors of the Manchurian provinces declared war on Russia (June 1900), in obedience to the Imperial Decrees issued under the influence of Prince Tuan. Their sudden attacks created a panic along the Amur and led to savage reprisals, the Chinese population of Blagoveschensk, some 5,000 men, women, and children, being at the outset driven into the river. Soon afterwards Manchuria was overrun by Russian troops, and proclamations were issued by the Russian commanders which amounted to declarations of conquest. In December 1900 a Russo-Chinese agreement, concluded at Moukden by the local Chinese authority, came to light, by which the province of Shengking (Fengtien) was placed under Russian control, and this was followed up by negotiations at St. Petersburg with the Chinese Minister for the conclusion of a formal convention which would, in effect, constitute a Russian protectorate over Manchuria. Some leading Powers advised China to abstain from separate negotiations with one Power while the joint conferences for the Boxer settlement were proceeding at Peking, and a strong Chinese opposition arose. The Chinese Minister at St. Petersburg was instructed to refuse his signature, and on August 6, 1901, the Russian Government issued an official communiqué to the effect that, their instructions having been misrepresented, the Convention was temporarily dropped.

Soon after the return of the Chinese Court from Sianfu to Peking (January 1902), Russia renewed her negotiations. She abandoned some of the demands which had been objected to the year before, and, on March 26/April 8, 1902, an agreement was signed at Peking which provided for the evacuation of Manchuria by stages in eighteen months. That the terms were so moderate was due to the support given to China by Great Britain, Japan, and the United States. It was soon

apparent that they did not satisfy the Russian Government. In October 1902 the railway between Shanhaikwan and Newchwang was restored to the Chinese, and the country west of the Liao river was evacuated in accordance with the agreement; but when it appeared that, in the negotiations of Japan and the United States for the commercial treaties provided for in the French Protocol with China, three new ports were to be opened in Manchuria, Russia refused to carry out the second stage of evacuation until certain further demands, designed to rivet Russian control on Manchuria to the exclusion of all other foreign influences, were conceded.

Great Britain, Japan, and the United States again supported the Chinese in refusing the fresh demands, and representations were made by all three Powers at St. Petersburg. China being unable to press matters to a practical conclusion, Japan, whose interests ranked next in importance, entered into negotiations at St. Petersburg and offered to recognize the special position of Russia in Manchuria if Russia would recognize that of Japan in Korea, and provided also that Russia would join with Japan in an engagement to recognize the territorial integrity of China and Korea, and to maintain the 'open door' in both countries. Russia refused to make the smallest concession, and the Russo-Japanese War resulted.

Treaty of Portsmouth, 1905.—The Treaty of Portsmouth, by which the Russo-Japanese War of 1904–5 was brought to an end, recognized the 'predominant political, military, and economic interests' in Korea of Japan; provided for the simultaneous evacuation of Manchuria by the forces of Russia and Japan; and transferred to Japan the Russian lease of Kwantung (Liaotung) with all the privileges attaching, including that portion of the Chinese Eastern Railway south of Kwanchengtze (Changchun). Manchuria, except the leased territory, was to be restored 'entirely and completely to the exclusive administration of China', whose consent to the transfer of Liaotung to Japan

was to be obtained. Russia disavowed the possession of exclusive rights in Manchuria inconsistent with the 'open door', and Japan and Russia

engaged reciprocally not to obstruct any general measures common to all nations which China might take for the development of commerce and industry in Manchuria.

The southern part of the island of Sakhalin up to the 50th parallel of north latitude was ceded by Russia to Japan under Article IX of the Treaty of Portsmouth. Japan and Russia mutually agreed not to construct fortifications in their possessions on Sakhalin or on the adjacent islands, and not to take any military measures which could impede the free navigation of the Straits of La Pérouse and Tartary.

In Article XI of the same treaty Russia undertook to come to an agreement with Japan to concede to Japanese subjects fishery rights along the Russian coasts in the Seas of Japan, Okhotsk, and Behring.

Treaty of Peking and Additional Agreement between China and Japan respecting Manchuria, 1905.—China's consent to the transfers and assignments made by Russia to Japan by the Treaty of Portsmouth was obtained in a treaty between Japan and China signed at Peking on December 22, 1905. In an Additional Agreement regulating railway and other matters, China engaged to open a number of towns in all three provinces of Manchuria to international residence and trade. China's own position in Manchuria was not greatly altered by these documents: she had two Powers to deal with instead of one, for Russia retained her railway zone in northern Manchuria; but in the south Japan was at this period more conciliatory in her methods than Russia had been.

Agreements between China and Japan, 1909.—But vexed questions arose with Japan over Manchurian affairs, and the tension was not removed until the conclusion of two agreements (September 4, 1909), in one of which the Tumen river was made the boundary between China and Korea, and Koreans were allowed

to settle freely in the border district of Chientao, but were made subject to Chinese jurisdiction; in the other railway and mining questions were arranged.

Policy of the United States, 1909.—After the Russo-Japanese War there had been a marked tendency on the part of the United States to champion the rights of China against Japan. In 1909 an active policy, commercially and politically, was inaugurated by President Taft in China, and the first step taken was to insist on the participation of American financiers in the Hukuang railway loan. The real aim, however, was Manchuria, where there had been for years a special American trade interest. An American group was given a concession for a railway in Manchuria from Chinchow to Aigun, and in November 1909 an unsuccessful proposal for the neutralization of railways in Manchuria was made to Great Britain, France, Germany, Russia, Japan, and China by the American Secretary of State.

Russo-Japanese Convention, 1910.—Shortly afterwards (July 4, 1910) and no doubt in consequence of this last proposal, Japan and Russia signed a Convention in which the two Powers agreed to work together on Manchurian questions and to maintain the *status quo* in Manchuria resulting from treaties and other arrangements concluded up to date between Japan and Russia, or between either of them and China.

The treaty of August 22, 1910, by which Japan annexed Korea, altered the status of the numerous Koreans inhabiting the Chinese borderlands, and entitled them to the privileges of Japanese consular jurisdiction. This must be noted as an important addition to Japanese interests in southern Manchuria.

Treaty of Tsitsihar, 1911.—Since the Russo-Japanese War China has been disposed to treat Russian affairs with little consideration, and disputes connected with the long Siberian frontier accumulated. The conclusion of the 1910 Convention with Japan emboldened Russia to take a stronger line with China, and on February 16, 1911, she made a series of demands at Peking to secure the full enjoyment of the 1881 treaty, which she

alleged had been practically abrogated. After a long discussion, on March 24 an ultimatum was delivered by Russia, and the acute controversy was closed by a note of the Wai-wu Pu accepting the Russian demands completely and unequivocally. Later (December 20, 1911) a treaty was concluded at Tsitsihar delimiting the frontier in northern Mongolia from 'frontier point No. 58 to frontier point No. 63 and further along the Mutny tributary up to the River Argun', and thence along the Argun to the Amur.

Treaties and Exchange of Notes between China and Japan, 1915.—Following the capture of Kiaochow (November 7, 1914) Japan made a series of demands upon China. Some of these were reduced in the course of the subsequent negotiations; but in the treaties and exchange of Notes which recorded the final settlement (May 25, 1915) the following terms relating to South Manchuria were included:

1. The term of the lease of Port Arthur and Talienwan, and the terms of the South Manchurian and Antung railway concessions, were extended.
2. Japanese subjects were privileged to lease land and to trade throughout South Manchuria.
3. Mining areas in South Manchuria were allotted to Japanese enterprise.
4. A preference was given to Japanese capital if required for railways in South Manchuria, or if loans were made on the security of the local taxes; and
5. If foreign advisers or instructors on political, financial, military, or police matters were to be employed in South Manchuria, Japanese were 'to be employed first'.

It is noteworthy that the 'South Manchuria' of these documents is an indefinite term and the interpretation of it may easily lead to disputes.

Russo-Japanese Treaty, 1916.—By a Treaty of July 3, 1916, Japan and Russia agreed that neither should be 'a party to any political arrangement or combination directed against' either of them, and to 'take counsel of each other as to the measures to be

taken in view of the support or the help to be given in order to safeguard or defend the territorial rights or the special interests in the Far East of one of the contracting parties' should these be threatened.

Concurrently with the conclusion of this treaty, the Russian Government ceded 60 miles of the Chinese Eastern Railway between Changchun and the River Sungari to Japan, in appreciation of the goodwill shown by the latter since the commencement of the war in regard to the supply of munitions. In addition, Russia agreed to recognize, so far as she was concerned, Japan's right of navigation on the Sungari between Kirin and the junction of the rivers Nonni and Sungari. This right was secured to Russia under Article II of the Aigun Treaty of 1858 between China and Russia; hitherto it had been exercised only by Russian and Chinese subjects.

III. ECONOMIC CONDITIONS

(A) MEANS OF COMMUNICATION

(1) INTERNAL

(a) Roads

THE roads in Manchuria are bad, being little more than tracks, more or less defined, between town and town. Unmetalled owing to the scarcity of stone, they easily wear into ruts and become quagmires in the rainy season. It is when frozen hard during the four months of winter that they are best fitted for travel, and they then have to bear an enormous traffic of two-wheeled country carts. These vehicles, each carrying from $1\frac{1}{2}$ to $3\frac{1}{2}$ tons and drawn by as many as eight or nine mules, travel in convoys sometimes half a mile in length, bearing a miscellaneous freight of native and foreign produce.

Among the principal routes provided with better-class roads is that from Yingkow (Port Newchwang) through the old city of Newchwang¹ to Liaoyang, and thence by three branches to Moukden. Another such route runs from Liaoyang to the Yalu. On some of the main lines of communication bridges have been built by local merchant guilds; on others in the north and east they have been supplied by the Government to facilitate the conveyance of troops. The Imperial post routes, such as that from Tsitsihar, *via* Petuna, to Kirin, and from Kirin, *via* Ninguta, to Nikolsk in the Primorskaya or Maritime Province of Siberia, are slightly better than the ordinary roads. In winter the frozen channel of the Liao river takes the place of a road, as likewise does that of the upper Sungari.

Trading caravans make their way from the province

¹ Concerning Newchwang see below, p. 40, foot-note.

of Shengking (Fengtien) into Kirin and Heilungkiang and even into Mongolia, and do so in comparative safety so long as they pay blackmail to the *hunghutzu* or local brigands, whose numbers are continually being recruited from the discharged soldiers and escaped convicts.

Good roads, to act as feeders to the rail and water ways and so reduce the cost of raising and marketing country produce, are an urgent economic need. At present roads are secondary to rivers in the system of Manchurian communications.

(b) Rivers

In general Manchuria is well provided with navigable rivers; it was estimated in 1901¹ that 20,000 boats of some seven to fourteen tons burden were engaged in the river trade, and the number must have greatly increased since that date.

The principal waterway of Manchuria is the *Amur*. Although it is sometimes said that of the whole course only 450 miles are navigable by steamers of 12 ft. draught, it appears that steamers of 16 ft. draught can proceed for 150 miles above Khabarovsk. Higher up, though in general of fair depth, the river is interrupted by shallow bars which limit navigation to boats of 5 ft. draught below Blagoveschensk and of 3 ft. draught above that town. Nevertheless, small steamers not only reach Ust-Strelotchnoi, but proceed up the Shilka for a distance of 200 or 300 miles. The mouth of the Amur is closed by sand-banks; goods are unloaded at Mariinsk and go by rail to the port of Alexandrovsk, ten miles off. The river is frozen from November to March, but during the summer months a service, with extension on the Ussuri, is maintained by the Amur Steamship Co. both above and below Khabarovsk. Some twenty years ago a fleet of 45 steamers was already plying. At the same time it is admitted that the great expectations formerly entertained of the economic importance

¹ Hosie, *Manchuria*, p. 239.

of the Amur as an avenue of trade have hardly been fulfilled.

Of the tributaries of the Amur, the *Ussuri*, on the eastern frontier of Manchuria, is of considerable importance as a means of communication. It is navigable from its confluence near Khabarovsk up to Lake Hinka (Khanka), a distance of 300 miles, and is regularly navigated by steamers for over 200. Next, the *Sungari*, whose basin includes the most fertile land of Manchuria and on whose banks stand the flourishing towns of Harbin and Kirin, is navigable by shallow-draught launches for 600 miles up to Kirin, while several Russian and Chinese companies run steamers between Harbin and Amur ports. Above Kirin the river is only useful for communication during the period November–April, when it is frozen and forms a road for sledges. Of the tributaries of the *Sungari*, the *Nonni* is navigable by large junks and small steamers up to Tsitsihar, and by lesser craft considerably farther; while the *Hurka*, which passes Ninguta and has its confluence at Sansing, is seldom navigated even by boats. The *Argun*, a tributary of the Amur on the north-western border of Manchuria, is navigable for 460 miles to near the Kulun-nor lake.

The *Tumen*, which flows into the Sea of Japan, is navigable by small steamers for 13 miles from its mouth and by junks for 60 miles.

In the south the *Yalu*, though navigable by steamers drawing 8–10 ft. of water as far as Antung only, and by river junks for no more than another 50 miles, is the outlet for the timber trade of the Changpai-shan, of which the chief marts are at Antung and Tatungkow. It also serves the town of Wiju (Gishu), the terminus of the Korean Railway opposite Antung. The river is ice-bound from the end of November to the middle of March, and is liable to floods in July and August. The *Liao* rises far away in the west, but has as Manchurian tributaries the *Hun-ho*, on which Moukden is situated and which is navigable by junks almost up to that town, and the *Taitze-ho*, which serves Liaoyang.

The *Liao* itself has been made navigable for ocean-going steamers, drawing up to 17 ft., as far as Newchwang, a treaty port about 14 miles from the mouth. Beyond this the river is available for junks to Tiehling or even Tungchiangtzu, a distance of some 200 miles. When frozen during the four months of winter, the *Liao* river forms one of the chief highways of the country for cart traffic.

(c) Railways

The Manchurian railway system consists in general of a line running north-west and south-east through the northern provinces, joined by a line from Harbin to Port Arthur running north-east and south-west through the southern. From Moukden, on the latter, lines branch south-east to Antung and south-west to Shanhaikwan on the way to Peking. The Moukden–Port Arthur and Moukden–Shanhaikwan lines are further joined by a branch through Newchwang.

The histories of these lines and their branches and the conditions under which they work are, however, so different that it will be most convenient to treat separately the three main systems of which they form part, namely the North China Imperial Railway, the Chinese Eastern Railway, and the South Manchurian Railway.

(1) The *North China Imperial Railway* runs from Peking, *via* Tientsin, to Shanhaikwan on the Manchurian border, and thence, *via* Chinchow, Kowpangtzu, and Hsinminting, to Moukden. This line, which was partially opened as early as 1903, has a length of 523 miles, but only about 265 miles, or just over half, lies in Manchuria. From Kowpangtzu a branch, 57 miles long, runs south-east to Newchwang. Another branch seven miles long connects Lienshan, a station some 25 miles south of Chinchow, with Hulutao, where a harbour has been built (see below, p. 41). These are apparently the only Manchurian branches open to general traffic; but there are others, presumably light industrial lines; one connecting Kaokiao, between

Lienshan and Chinchow, with Tienkiasang, a point on the coast north of Hulutao, and another running from near Chinchow to the Nanpiao coal-mines on the Chihli frontier. The latter may be connected in some way with a Chifeng-Chinchow project which forms part of the Chihli Extra Mural Railways scheme. At one time there also existed a light railway running north from Hsinminting to Kangpingsien on the Liao river not far from Mongolia.

The line from Hsinminting to Moukden was originally built by the Japanese as a light railway with a gauge of $3\frac{1}{2}$ ft., during the war with Russia, and was sold to China for £160,000 in virtue of an agreement concluded on April 15 and ratified in November 1907. By this compact half the cost of the reconstruction of the section of the line east of the Liao river, a sum namely of £32,000, was borrowed from the South Manchurian Railway Company in the form of a five per cent. loan at 93, secured upon the property and receipts of the whole undertaking.

The North China Railway is built to the standard gauge of 4 ft. 8½ in. In 1913 it possessed 123 locomotives, 311 passenger coaches, and 2,936 goods wagons capable of carrying 59,795 tons of freight. Additions made up to June 1914 increased the capacity to 62,554 tons.

The capital of the railway, which is Anglo-Chinese, amounts to 49,971,571 dollars. In 1912 it carried 3,495,707 passengers and 3,450,393 tons of goods, earning a revenue of 5,257,591 dollars from the former and 6,850,353 dollars from the latter. The total receipts were 13,183,638 dollars, and the expenditure 3,820,657 dollars, the ratio of expenditure to receipts being 28.98 per cent. In 1913 the ratio was 36.29 per cent., with receipts at 13,841,991 dollars and expenditure at 5,024,049 dollars. In 1915 the ratio had risen to 52.37 per cent., receipts being 14,768,000 dollars and expenditure 7,735,000 dollars.

(2) The *Chinese Eastern Railway* was originally built in virtue of an agreement concluded in 1896 between

the Chinese Government and the Russo-Chinese Bank. By this a company was to be formed with a capital of 5,000,000 rubles and none but Russian and Chinese shareholders, to build a line between Manchouli (Manchuria) on the Siberian frontier (there to connect with the Trans-Siberian Railway), and the eastern frontier of Manchuria, near Suifenhö, with a continuation to Vladivostok, a distance of over 900 miles. The line was to be constructed within six years to a gauge of 5 ft., the same as that of the Siberian Railway. After thirty-six years the Chinese Government was to have the right of purchase on payment of the actual cost together with the debts and interest due on the undertaking, while after eighty years from the completion and opening of the line, the railway was automatically to become the property of the Chinese Government.

By the Convention of March 1898 Port Arthur and the Kwantung peninsula were leased to Russia for a term of twenty-five years, which might be extended by mutual agreement. Provision was made at the same time for the construction by Russia of an extension of the Chinese Eastern Railway from Harbin southward to Dairen (Dalny) and Port Arthur. Russia likewise acquired administrative control over Harbin and Tsitsihar as lying within the railway zone, and the right of exploiting all minerals within 15 versts (10 miles) of the railway, of maintaining a corps of 20,000 men and officers on the line, and of imposing differential tariffs for or against goods and places.

By the Treaty of Portsmouth, concluded on September 15, 1905, Japan obtained the cession of all Russian railway rights in Manchuria as far north as Changchun (Kwanchengtze), 152 miles south of Harbin, although the railway zone actually occupied during the Russo-Japanese War ended at Changtu station, 106 miles farther south. The provisions of the Treaty of Portsmouth were recognized by China on December 22, 1905.

The Manchouli-Suifenhö line forms a section of the Trans-Siberian Railway. By thus crossing Chinese territory the Russian Government relieved itself for

the time being of the extra cost which would have been involved in the construction of an alternative route (now existing as the Amur Railway) 342 miles longer, and escaped important engineering difficulties in connexion with bridges and tunnels. Work on the Chinese Eastern Railway was begun in the spring of 1897; the northern portion was opened in 1901, the southern in 1903. The length of the Manchouli-Suifenhao section is 921 miles and of that from Harbin to Changchun 152 miles, making a total of 1,073 miles.

A branch line is contemplated, some 50 miles in length, to join Ninguta, an important town on the River Hurka in eastern Kirin, to the main line at Mulin. There is also a Chinese project for a private narrow-gauge line from Harbin to Shuhui, about 150 miles due east.

The original capital of the Chinese Eastern Railway Company was, as already stated, 5,000,000 rubles; its present capital is not ascertained, but is Russian. The cost of construction is variously given, but the most careful estimate puts the cost of the whole system to July 1, 1905, at 450,700,000 rubles,¹ and that of the portion ceded to Japan at 92,700,000 rubles, leaving 358,000,000 rubles as the cost of the portion remaining under Russian control. Further expenditure down to July 1, 1910, had brought this figure up to 540,300,000 rubles.² However, about 350,000,000

	Rubles.
Original cost	375,000,000
Interest to July 1, 1903	54,600,000
Total	429,600,000
Less sum paid by China	70,000,000
Remains	359,600,000
Improvements, maintenance, and interest for two years	91,100,000
Total	450,700,000

¹ Dr. E. J. Dillon in the *Contemporary Review*, April 1910, quoted by L. Lawton, *Empires of the Far East*, p. 1325.

rubles is usually taken as the actual cost of construction of the present Chinese Eastern Railway.

In 1912 the railway carried 1,660,533 passengers and 3,390,773 tons of freight, receiving a revenue of 4,322,247 rubles from the former and of 15,427,346 rubles from the latter. For four years the total receipts and expenditure in rubles were:

	1908.	1909.	1910.	1912.
Expenditure	18,403,787	16,251,270	15,905,520	30,000,000
Receipts	14,941,556	15,536,309	17,524,135	22,000,000
Profit or loss	-3,462,231	-714,961	1,618,615	-8,000,000
Approximate ratio of expenditure to receipts	124 per cent.	105 per cent.	91 per cent.	136 per cent.

Connected with the Chinese Eastern Railway, though not forming part of the system, is the *Tsitsihar Light Railway*, a metre-gauge line 17 miles long, connecting Anganki, on the main line, with the provincial capital. This railway has a capital of 284,758 taels in Chinese hands, and the construction, which began in September 1907 and was completed in August 1909, cost 241,283 taels.

(3) The *South Manchurian Railway Co.* was constituted on June 7, 1906, by ordinance of the Emperor of Japan, to operate the portion of the Chinese Eastern Railway taken over from the Russians, the Moukden-Antung line built by Japan during the war and to be converted in accordance with the Chinese agreement of the previous December, various branch lines, and a number of mining, industrial, and commercial undertakings connected therewith.

The main line from Changchun to Dairen (Dalny), taken over from the Chinese Eastern Railway Co., is 439 miles long. The original gauge of 5 ft. has apparently been altered, as the entire system now is said to have the standard gauge of 4 ft. 8½ in. The line was open to traffic as the South Manchurian Railway on April 1, 1907.

The Moukden-Antung branch, originally a light Decauville railway of 2½ ft. gauge, was reconstructed to the standard gauge to suit the Korean main line,

with which it is connected at Wiju (Gishu) by an iron bridge, 3,180 ft. long, over the Yalu. It is 162 miles long and was finally opened after conversion on November 3, 1911. The concession appears to run from 1908, and the agreement of 1905 gave China the right to buy the line back at the end of fifteen years.

There are three minor branches connected with the main line. These are the Tashihkiao-Yingkow (Port Newchwang) line, $13\frac{1}{2}$ miles; the Choushuitze-Port Arthur line, $31\frac{1}{2}$ miles, by which Port Arthur is connected with the Dairen Railway; and a line of $34\frac{1}{2}$ miles from Suchiatun, a station just south of Moukden, to the Fushun collieries east of that town. All three were originally narrow-gauge lines and were converted in May 1908. Of other branches, apparently not open for general traffic, one serves the Yentai colliery, south of Moukden, which is controlled like those at Fushun by the railway company; one runs from Suchiatun west to Suhukiapu and a few miles farther down the course of the Hun-ho; and one connects Lioshutun on the Bay of Talienwan opposite Dairen with the main line.

Two branches are in course of construction. One, 110 miles long, is to run from Kaiyuan, a station on the main line south of Changtu, due east to Hailung-cheng. The latest reports indicate that this line may now be completed and that an extension northwards to Kirin is in contemplation. The other is to branch off from the main line at Shihpingkai, a station 120 miles north of Moukden between Changtu and Changchun, and to run to Chenchiatung on the Mongolian border, a distance of 52 miles, being continued thence for another 120 miles or so to Taonanfu. An agreement for a loan respecting this line was concluded between China and Japan in December 1915, and construction was begun in the following year. Another branch is projected from Kungchuling, between Shihpingkai and Changchun, to Itungchow, some 50 miles to the east.

The total length of the main line and branches of the South Manchurian Railway open to general traffic is

680 $\frac{1}{2}$ miles, all of standard gauge. In 1914 the rolling stock included 255 locomotives, 190 passenger coaches, and 2,903 goods wagons. The capital of the company is 200,000,000 yen, in a million shares of 200 yen (£20). Of this sum, half is owned by the Japanese Government, while of the remaining half, the issue of which was confined to Japanese and Chinese subjects, only 20,000,000 yen has been subscribed, and of this only 16,000,000 yen is paid up. The company, has, however, issued 5 per cent. debentures to the value of £14,000,000 in London. These are guaranteed by the Japanese Government, and £200,000 worth have already been redeemed. The following table shows the capital expenditure of the company from its inception up to March 31, 1913; it does not include the value of the line and plant taken over from the Chinese Eastern Railway Co.:

	Yen.
Railway	70,299,781
Steamships	3,385,357
Electric plant	4,833,697
Gas-works	1,406,540
Harbour and wharves	8,661,793
Workshops	5,915,122
Hotels	1,328,567
Buildings	9,699,523
Land	8,404,815
Land improvements	2,619,697
Collieries	10,498,592
Total	127,053,484

During the year ending March 31, 1914, the South Manchurian Railway carried 4,211,634 passengers and 6,477,325 tons of freight. The railway receipts amounted to 22,275,132 yen, and the expenditure to 7,913,948 yen, giving a ratio of expenditure to receipts of 35.52 per cent., while the total receipts of the company were 42,417,123 yen, and the total expenditure 35,249,844 yen, the ratio being 83.1 per cent.

The company enjoys a privileged position in being allowed to import the goods it requires free of customs duty, and in being relieved of all *likin* (transit) charges. By an agreement effected on May 25, 1915, the lease of the South Manchurian Railway was extended to

already in course of construction, and to be in connexion with the ice-free harbour of Hulutao, just south of Chinchow. Negotiations took place in January 1910 and a preliminary agreement was reached, but further discussion was suspended owing to representations by Russia that it disturbed the plans for the defence of her frontier, and by Japan, who objected to an associated proposal to neutralize all Manchurian railways.

Late in 1913 negotiations were in progress between China and Japan for the construction by the latter of a network of railways in southern Manchuria, but so far nothing appears to have come of them beyond the agreement of 1915 for a loan in respect of the Shihping-kai-Chenchiatung line.

On March 28, 1916, an agreement was concluded between the Chinese Government and the Russo-Asiatic Bank respecting the construction of a line of about 460 miles from Harbin, *via* Mergen and Aigun, to Blagoveschensk (where it would connect with the projected and possibly already completed branch joining that town with the Amur Railway), and also of a branch from Mergen to Tsitsihar (or presumably Angangki), a distance of between 160 and 200 miles. For the construction of this line a loan of £5,000,000 was to be floated after the conclusion of the European War.

The railways of Manchuria, the total length of which appears to be at present about 2,180 miles, are inadequate to the full development of the country, but the more pressing need is the construction of roads to act as feeders to the lines that already exist. There is no doubt that the production of the provinces could be greatly increased if the means of transport were improved.

(d) Posts, Telegraphs, and Telephones

Posts.—The Imperial Chinese Post Office grew up under the Imperial Maritime Customs and was formally recognized by an Imperial edict of March 20, 1896.

An order was passed on May 10, 1910, that the Post Office should be placed under the Ministry of Posts and Communications, and the change was actually made in May 1911. The Post Office supplements the Ichan, or Imperial Government Courier Service, and the Minchu, or native postal agencies (*hongs*), which now transmit and receive, through the Imperial Post, all mail matter entrusted to them.

The head office of the Imperial post in Manchuria is at Newchwang, and there are branch offices at Chinchow, Wafangtien, Kaiping, Liaoyang, Moukden, Changchun, Kirin, and other places.

Moreover, Japan in the south and to a more limited extent Russia in the two northern provinces maintain their own post offices and exercise postal rights.

In 1908 Japan made proposals for a postal convention. She claimed the permanent right to carry mails, without reference to the Chinese Imperial Post Office, on the North China Railway between Peking and Newchwang and between the Japanese post offices and other Chinese railways in Manchuria. Further she required China to treat her own mails to Manchuria as foreign, paying the Japanese railway transit rates in accordance with the Postal Union tariff. Lastly, it was demanded that Japanese mail steamers and launches should have the right to ply on Manchurian inland waters and to charge Postal Union rates for any Chinese mails carried. The Chinese Government could not assent to these demands, and the negotiations fell through.

Telegraphs.—In Manchuria there are 10,288 miles of telegraph owned by the Chinese Government. The principal line is that from Shanhaikwan to Aigun, which connects with the Russian system at Blagoveschensk and links up Shanhaikwan, Newchwang, Liaoyang, Moukden, Kirin, Petuna, Tsitsihar, Mergen, and Aigun. From Kirin a branch runs east to Ninguta and thence south-east to Hunchun and connects with the Primorskaya system and Vladivostok, while from Liaoyang another line runs south-east by the Motien-

ling pass and Fenghwangcheng to Antung and the Yalu valley.

By a convention made in 1908 Japan agreed, in return for a payment of 50,000 yen, to hand over to China all the Japanese telegraph lines in Manchuria outside her railway zone and not to extend her telephone system without the consent of China. China on her part agreed for a period of fifteen years to place at the disposal of the Japanese Government special telegraph wires to be worked by Japanese operators between the treaty ports, Antung, Newchwang, Liaoyang, Moukden, and Tiehling, and the Japanese railways.

Telephones.—Harbin has a telephone system under the control of the Chinese Eastern Railway, and Changchun a system controlled by the South Manchurian Railway. In southern Manchuria 14 of the principal towns have telephone services. Dairen has a trunk communication with all places in Manchuria where there is a Japanese post office. There also appear to be other trunk lines between Zingkow and Liaoyang and between Port Arthur and Tiehling.

(2) EXTERNAL

(a) Ports

The principal ports of Manchuria are Dairen, Newchwang, and Antung. Dairen is by far the most important, owing to its being open all the year round and to the superior accommodation it offers to shipping of any size. Newchwang is ice-bound for several months and lies some distance up the Liao river, which presents certain obstacles to navigation. Antung is on the Yalu, which is also frozen in winter, and only steamers of comparatively light draught can pass up to the town. (The figures of shipping for 1913, 1914, and 1916 will be found in Appendix I.)

Dairen (Russian, *Dalny*; population in 1916, 46,570) is approached through a channel sufficiently wide and

deep to admit steamers at any time of the day or night and at any state of the tide. Protection from eastern gales is provided by stone and concrete breakwaters, behind which there lies an expanse of 800 acres of smooth water, which is continually dredged. The port is provided with granite wharves at right angles to the stone-faced foreshore, capable of accommodating the largest ocean-going steamers, and also with wharves of granite-faced concrete, at which steamers drawing up to 22 feet can be berthed. These wharves are nowhere less than 350 feet wide, and are lighted with electric light and provided with steam cranes, while the South Manchurian Railway runs alongside them. There are thirty warehouses, covering 25 acres, available for cargo.

Dairen is provided with electric light and tramways, waterworks, and a modern drainage system, and in the central parts the streets are macadamized and well lighted. Since July 1907 it has been a free port, and imports are only liable to duty on passing out of the leased territory.

The exports from Dairen were valued in 1916 at £9,101,375, and the imports at £7,511,324. In the same year, of the tonnage entering and clearing 83 per cent. was Japanese, $7\frac{1}{2}$ per cent. British, and under 5 per cent. Chinese, that of other nations being negligible. Dairen is a general emporium for all commodities exported from and imported into Manchuria; and the South Manchurian Railway, by the offer of favourable rates and improved accommodation, endeavours as far as possible to attract trade thither. It has, indeed, been suggested by a competent observer¹ that the future of Dairen depends more upon the development of the territory along the railway than on the diversion of trade from other ports. This view, however, is hardly borne out by recent statistics, though the conditions arising through the European War may to some extent vitiate these as a guide to the future.

¹ Quoted by Lawton, *Empires of the Far East*, p. 1286.

So long as Russian control lasted, the commercial possibilities of the port and railway were neglected. The Japanese, however, have taken pains to develop them to the utmost.

*Newchwang*¹ (population, about 70,000) has been a treaty port since 1858. Compared with Dairen it possesses the advantage of having been longer established and of being connected with the interior by two competent lines of railway, but it is handicapped by being ice-bound for four months in the year and by its situation fourteen miles up the Liao river, the mouth of which is obstructed by a bar. In 1909 the Chamber of Commerce recommended, and the authorities agreed to, a 1 per mil. tax on imports and exports and a small tonnage tax on incoming vessels, the funds thus raised to be devoted to dredging the bar and embanking the channel.

Newchwang is a port of general trade for the south-west of Manchuria. In 1916, of the tonnage entering and clearing, 45 per cent. was Japanese, 32½ per cent. British, and 15½ per cent. Chinese, that of other nations being considerably less. The imports of foreign commodities for 1916 were valued at £1,534,945 and of native commodities at £1,136,200; the exports for the same year were valued at £2,349,582.

Newchwang has suffered in the past from differential railway rates in favour of Dairen. The rates have now been made equal, though they remain disproportionate to the distance travelled.

A tract of land between the eastern extremity of

¹ Not to be confused with the old Newchwang City, said to have once been on the sea, but now an unimportant town 30 miles inland on a small tributary of the Liao. Newchwang itself is now 14 miles from the mouth of the river, and the port has been moved to Yingkow, sometimes called Port Newchwang, 10 miles lower down. Newchwang, however, remains the Treaty Port and Maritime Customs Station; Yingkow is 'open to trade'. The South Manchurian Railway runs to the eastern bank of the Liao at Yingkow; the North China Railway ran to Newchwang, but has been extended to the port. There is a service of junks between Yingkow and Newchwang.

Yingkow and the Niuchiatus quarter has been included in the South Manchurian Railway zone since the construction of the branch from Tashihkiao to Newchwang; a fact which will probably enable the Japanese to enjoy in future an increasing share in the trade and shipping of the port.

As Newchwang is closed for so long a period by ice, an ice-free harbour with depths of 18 to 30 ft. has been constructed at Hulutao between Shanhaikwan and Kowpangtzu; Hulutao is connected by a branch with the Peking-Moukden main line.

Antung (population in 1916, 32,700), situated some 25 miles up the Yalu river, is the trade centre of a district extending north-east to the head-waters of the Sungari, north to Hailungcheng, and south to the timber mart and port of Tatungkow, and including towns on the Korean side of the Yalu basin. Antung is connected with Wiju (Gishu) on the opposite side of the river and with the Korean Railway by a new twelve-span bridge of steel; it is in railway communication with Chemulpo, Seoul, and Fusan in Korea, and with Moukden in Manchuria, and steamers run regularly to Chefoo, Tientsin, Dairen, Chemulpo, Fusan, Moji, Kobe, and Shanghai.

The largest steamers have to anchor at Tasarugi Island, at the mouth of the river, and only those drawing less than ten feet of water can pass up to Antung. Goods from ships lying at the Tasarugi anchorage are conveyed up the river by lighters. Like the Liao the Yalu is ice-bound for four months in the year.

A commodious tract of land with a river frontage is being prepared to serve as a trading settlement for foreigners, but the Japanese already occupy the most advantageous position. Seeing that they control the railway communications, have annexed the neighbouring country of Korea, and have persuaded the Chinese to share with them the mining and lumbering enterprises in the Yalu valley, it is to be expected that they will before long monopolize the trade and shipping of the Yalu region.

The chief trade of Antung is in silk and timber; no less than 16 per cent. of all the timber passing through the Chinese Imperial Customs is handled at this port. In 1916 the total value of the imports of Antung was £3,352,300 and of the exports £1,434,974. In the same year, of the tonnage entering and clearing, 47.6 per cent. was Japanese, 26.4 per cent. Chinese, and 26 per cent. British, no other nations being represented.

The smaller ports and anchorages of Manchuria are described above, pp. 3-5.

(b) Shipping Lines

The South Manchurian Railway maintains a service twice weekly between Dairen and Shanghai. The Nippon Yusen Kaisha has three regular lines touching at Dairen—one from Yokohama fortnightly, one from Kobe weekly, and the third from Kobe *via* Korean ports monthly. The Osaka Shosen Kaisha also has three services connecting Dairen and Japan—one from Yokohama fortnightly, one from Osaka twice a week, and the third from Nagasaki weekly. The first-mentioned line of each of these two Japanese companies is a so-called 'free-navigation' line, and receives no subsidy from the Japanese Government. The remaining four lines are subsidized and are subject to Japanese Government control. A joint Sino-Japanese company carries on a daily service between Dairen and Chefoo.

Newchwang is connected with Shanghai by a service of steamers every alternate day, and with Lungkou and Tientsin every third day. These lines are maintained by the China Commercial Steam Navigation Company and the China Merchants' Steam Navigation Company, both Shanghai concerns. The Nippon Yusen Kaisha has a weekly service to Shimonoseki, Kobe, and Osaka.

Antung is connected with Shanghai by a service of the China Navigation Co. twice weekly, and steamers

also run to Chefoo daily, to Tientsin three times a week, to Dairen twice a week, and to Kobe once a fortnight.

(c) Telegraphic and Wireless Communication

There is a submarine cable between Dairen and Chefoo, the joint property of Japan and China, each country operating its own end. A second cable connects Dairen directly with Sasebo on the west coast of Japan.

On the headland of Takushan opposite Dairen across the Bay of Talienwan, there is a wireless installation with a day range of 650 nautical miles and a night range of 2,000.

(B) INDUSTRY

(1) LABOUR

Though little more than a fifth of the total area available for cultivation in Manchuria is actually cultivated, even for this the labour supply is inadequate. According to estimates which are now eighteen years old, some 30,000 labourers were yearly imported from Shantung, returning thither after the harvest.¹ There is also a large immigration from the neighbouring province of Chihli, but, as these immigrants travel by land, there are no means of estimating their numbers. In 1907 Mr. Yamanobe (see below, p. 66) put the permanent yearly immigration from Shantung and neighbouring parts at no less than 20,000, a figure which, if correct, would account for the admitted increase in agricultural production.

There is profitable employment in Manchuria on the land, and in mining and connected industries for

¹ Petty traders and others, to the number of 5,000 in each year, also arrive at Newchwang from Shantung just before the freezing of the river at the beginning of December and stay in Manchuria till the end of March.

a great deal more labour than is obtainable. The mines and connected industries round Moukden employ 22,000 men, of whom 20,000 are Chinese and 8,000 actual miners. The ordinary labourer earns about 30 kopecks or 8*d.* a day.¹

The South Manchurian Railway Co. has the management of 5,488 acres in the railway zone of the leased territory, and of 40,322 acres along the lines outside it; this land is reserved for Japanese settlers, and the company propose, by the building of dwelling-houses, schools, and hospitals, to do all in their power to encourage the development of its resources.

(2) AGRICULTURE

In Shengking (Fengtien) most of the arable land lying within easy reach of a railway is already cultivated. In 1912 Mr. Lawton estimated that ten million acres were under cultivation, but of these only 5,835,000 acres were sufficiently near a railway for produce to be marketed at a reasonable rate. Of this area 150,000 acres were under beans. The provinces which have most arable land favourably situated but still awaiting cultivation are Kirin and Heilungkiang, since the Chinese Government, afraid of complications with Russia, long discouraged immigration into the northern parts from the more densely populated south. Moreover, much of the eastern regions of Kirin and Heilungkiang were formerly reserved as an Imperial hunting ground, and settlement there was prohibited. It was estimated in 1912 that only half the area capable of tillage in Kirin had been brought under cultivation. The fertile basins of the Sungari and Nonni should develop into immensely productive wheat-producing areas, if sufficient railway facilities are provided. New land is already coming into cultivation between Mergen and Sansing, a district where 6,665,000 acres are available, only a quarter of which were tilled a few years ago.

It is estimated that in 1909 only 8,320,000 acres

¹ Whigham, *Manchuria and Korea*, p. 128.

in Manchuria were under cultivation, and the average harvest was divided approximately as follows:¹

	<i>Bushels.</i>
Kaoliang (tall millet)	43,670,000
Millet (spiked)	42,230,875
Beans	33,695,375
Wheat	30,420,125
Barley, buckwheat, Indian corn, &c.	27,194,500
	177,210,875

The following forecast of the future of Manchurian agriculture was made by Mr. Putnam Weale and quoted by Mr. Lawton in 1912: 'Chinese agriculture in Northern Manchuria will soon not be merely confined to winning over to the mattock and the plough the whole of these 30 million acres [on the Sungari and Nonni], it will steadily invade the vast area of north-eastern Mongolia—the Inner Mongolia of the geographers—and will bring all the rich grass country lying on the east of the Gobi desert under painstaking cultivation. Already it is calculated that the Chinese agricultural belt is advancing on the Mongols and their wandering flocks at the rate of thirty *li* or twelve miles a year. In fifteen or twenty years the spade and mattock will have captured millions of acres and bound them tight to the Chinese system in bounteous crops; and much of the harvest of these fields will be available for export. Thus a wheat-belt, contemptuous of political and geographical labelling, will grow up in these latitudes to be almost as remarkable as the Canadian North-West or the ever-expanding west Siberian grain districts; and this belt will be exploited in times of stress by those who, without possessing any legitimate right of eminent domain, have their money-bags lying ready and their soldiers in the immediate background.'²

(a) *Products of Commercial Value*

Oil-seeds.—The chief exports from Manchuria are soya beans and their products, bean-cake and bean-oil,

¹ Lawton, *op. cit.*, p. 1132.

² *Ibid.*, p. 1122.

the quantities passing through the Chinese Maritime Customs at the eleven Manchurian stations being (in piculs of 133½ lb.):¹

	1913.	1914.	1916.
Beans	4,220,699	6,571,762	4,668,714
Beans and peas	4,253,019	4,092,963	4,596,076
Bean-cake	13,608,742	12,072,685	14,888,872
Bean-oil	742,400	736,149	1,377,256

Some 380,000 tons of beans were also shipped from Vladivostok in 1916, a decrease of 28 per cent. on the previous year due to lack of steamer accommodation. Of this 140,000 tons went to Europe to feed mills in England, Holland, and Denmark, while the remainder was pressed at Dairen and in Japan, whence bean-cake and bean-oil are shipped to Europe and America. The quantities sent to England appear to be very small. In 1916 there were four Japanese bean-mills in Dairen, and a large mill for dealing with soya beans has recently been established at Vernon in California.

In China and Japan the soya bean is largely used to make *tufu* or bean-cake, an article of universal consumption in China, also a kind of flour, and the paste called 'soy', used as a relish with meat, fish, and vegetables. Bean-cake is also used as a cattle food, being cheaper and more nutritious than cotton-seed oilcake, and as a fertilizer.

Bean-oil is used in the manufacture of soap, margarine, and candles. When refined and deodorized it is employed as a substitute for cotton-seed oil or linseed oil, or even for the cheaper kinds of olive oil, and is said to be the best vegetable oil for making paints. It is also used in the manufacture of varnish, printing ink, and lubricating oils, and forms the basis of a composition for waterproofing umbrellas.

Other oil-seeds growing in Manchuria are *ricinus* (castor oil), *sesamum*, and cotton.

Cereals.—The most important cereal is the tall millet

¹ All trade statistics are from the *China Maritime Customs Reports* and the *China Year Book for 1916*. For further details of exports, see pp. 65-6, 83-6; cf. also the *Note on Import and Export Statistics*, pp. 80-2.

or *kaoliang*. The grains are boiled and eaten as food or distilled for spirit; the stalks are woven into mats and used for fencing and bridging and to form the walls of houses. Spiked millet, maize, and wheat also bulk largely in the export returns, and are used for food. The following export figures for grain handled at the Manchurian ports or customs stations afford an idea of the relative importance of the crops (the quantities are given in piculs):¹

	1913.	1914.	1916.
Kaoliang	1,048,200	241,908	389,434
Millet	1,479,882	794,044	239,449
Maize	218,335	559,653	143,859
Wheat	1,843,145	1,965,119	1,210,337
Total cereals	4,844,729	3,773,963	1,945,848
Flour	242,264	242,973	419,029

The production of wheat in Manchuria is at present estimated at about 10,000,000 bushels, but it might be enormously increased. Most of it is ground in the flour-mills erected at Harbin during the Russo-Japanese War.

Ginseng.—The most important of the medicinal plants grown in Manchuria is ginseng (*Panax ginseng*), from the fleshy root of which the Chinese prepare a tonic medicine. The value of this is much disputed, but the drug is in great demand, and when Korea paid tribute to China a portion was paid in ginseng. It grows wild in Korea, especially on the south-eastern slopes of the Changpai-shan range, and also in the forests of the Kirin province. The wild root, according to Sir H. E. M. James, sells for £10 or £12 an ounce, and large specimens fetch fancy prices. When cultivated it is only worth from 4s. to 5s. an ounce, but it is largely grown both in Japan and in the Liaotung district, south of Moukden. The clarified ginseng, which is imported into China from the United States, is made from another species (*Panax quinquefolium*), which grows on the slopes of the Appalachian Mountains.

Ginseng is found in the Newchwang customs returns only, the exports being (in catties of 1½ lb.):

¹ Cf. p. 46, footnote.

	1913.	1914.	1916.
Chinese	1,670	1,406	2,436
Wild	615	328	613
Beard and refuse	623	645	523

Fibrous Plants.—The plants grown for fibre are jute, true hemp, and *Abutilon* hemp. Sacking and coarse cloth are manufactured from the true hemp, and both hems are used to make rope and cordage. The leaves of the *Abutilon* hemp are also used to adulterate tobacco.

The exports of fibre are negligible, but a certain quantity of hemp-seed leaves Suifenho and Dairen, the amounts in recent years being 451,787 piculs in 1913, 279,400 in 1914, and 196,872 in 1916.

Tobacco.—Next to beans and hemp, tobacco bulks most largely in the trade of the interior, but a great deal of it is consumed in the country. The exports of tobacco from Manchurian 'ports' amounted to 15,019 piculs in 1913, 11,926 in 1914, and 16,441 in 1916.

Opium is grown largely in the Heilungkiang province and finds its chief mart at Changchun. It is so extensively smuggled as hardly to appear in the customs returns. There is a considerable import of Persian opium at Dairen, presumably for the use of the Japanese in the leased territory.

Silk.—The most valuable of the animal products of Manchuria is raw wild silk, the produce of a silk moth which feeds on the oak (*Quercus mongolica*) and is found in a district stretching south from near Moukden to the sea, and bounded on the west and east by the Liao and Yalu rivers. Manchuria provides the raw material of 61 per cent. of the silk produced in China, as the wild silk is used in the manufacture of the Tussore silk of commerce. It also produces 36 per cent. of the cocoons used in the manufacture of silk in China.

Silk appears at the southern ports only, namely Newchwang, Dairen, Antung, and Tatungkow, recent figures being (in piculs):

	1913.	1914.	1916.
Silk, raw wild	18,293	15,289	13,926
Pongee	89	123	102
Cocoons, wild	168,158	105,199	71,951
Cocoons, wild, refuse	371	285	1,110
Waste	13,403	14,056	13,741
Silk-worms, dried	2,746	4,101	5,687

Bee-keeping is carried on upon a commercial scale; some families own as many as 500–1,000 beehives. The total produce of Manchuria in honey is estimated at 2,500 tons annually, valued at £75,000, of which a portion is exported through the southern ports.

Stock-farming is carried on extensively in Manchuria, and almost every peasant keeps horses, cows, sheep, or pigs. There are besides many stock-farmers regularly keeping several hundred head of cattle, pigs, and horses.

Cattle are not used for draught purposes, but for dairy and slaughter only; excellent butter is produced in North Manchuria. Manchurian horses are used for transport and farm work; they are small but hardy, tractable, and capable of prolonged work. Pigs are kept in great numbers, being largely fed on the refuse of millet distilleries, and there is an important export of pork to northern China. The bristles are also valuable, 3,296 piculs having been exported from Dairen and Newchwang in 1913, 4,492 in 1914, and 3,926 in 1916.

Furs and Skins.—There is an important trade in furs with its centre in Moukden. Dog and goat skins are also exported, there being special dog farms in connexion with the industry.

Another animal product exported consists of young deer horns in the velvet (*panty*). The Chinese macerate the bone and dried skin in alcohol and produce from it a restorative medicine resembling hartshorn.

Musk is also an article of export, the musk deer being found in the forests of Kirin.

(b) Agricultural Methods

The Chinaman has little aptitude for pastoral pursuits, and makes small use of the virgin grass on the hills to the east of the railway, which might pasture large herds of cattle or sheep. On the other hand, he is one of the most skilful cultivators in the world, and Sir H. E. M. James describes how he 'gets up at two in the morning, works with hardly any intermission till dark, and then goes to bed at once, so as to rise

again early next day. The result is marvellous. Instead of the seed being scattered broadcast, it is carefully planted in ridges at regular intervals apart, and the cultivator is for ever weeding, hoeing, or irrigating, so that each head of grain develops like a prize plant. With a view to making the best possible use of these admirable qualities by applying the methods of western science a Ministry of Agriculture and Commerce has been recently established at Peking.

Nevertheless, few, if any, modern improvements in method appear to have entered into the agricultural practice of the Manchurian farmer. The soil is very lightly worked and artificial manures are unknown. The result is, in general, exhausting to the soil, and the peasant lives from hand to mouth. A bad harvest cripples him so much that he never reaches in the course of years the position of being able to afford to improve his methods.

(c) Forestry

Manchuria, as its name in the local dialect implies, is a heavily wooded country. Its timber regions consist still very largely of unexploited primeval forest. The principal trees of commercial value are pine, of which there are several varieties, oak, walnut, willow, birch, elm, and aspen. In the Changpai-shan forest zone there is an ample supply of old and well-grown pine 200 feet in height and 7 to 8 feet in circumference.

The timber districts, arranged according to the transportation routes (river and rail) and the principal lumber markets, are as follows:

For the North Manchurian markets: (1) the Great Khingan range, between Khailar and Tsitsihar on the Chinese Eastern Railway; (2) the Changkwansai range and the district west of it; (3) the banks of the main stream of the Sungari river from Harbin to its junction with the Amur; (4) the slopes of the Little Khingan range; (5) the banks of the Hurka river to its junction with the Sungari; (6) the western slope of the Hsiao-

pashan range as far as the upper reaches of the Lalin River.

For the South Manchurian markets: (1) the banks of the Yalu and its tributaries; (2) the upper reaches of the Sungari river south of Kirin city; (3) the banks of the Taitze-ho between Pensihu and Liaoyang; (4) the banks of the Hun-ho between Hsingching and Moukden.

For the Maritime Province and Korean markets: (1) the valley of the Tumen; (2) the banks of the Suifen river and the district between it and the Chinese Eastern Railway.

The southern forests are the more fully exploited. Some 30,000 lumbermen are said to be employed in the Yalu, Taitzu, and Hun valleys. On the upper Sungari 3,000 men are employed; in the Khingan about 1,200, and about 1,000 each in the Hulan, Lalin, and Hurka valleys. In northern Manchuria a great deal of birch is cut for fuel-wood and is used on the railways and for household heating.

The Chinese Eastern Railway is a large forest owner and has a special forestry department. An important concern on the Yalu is the Chinese-Japanese Timber Co. The bulk of the timber is marketed through individuals known as *muchangs*, who combine the functions of middlemen and wholesale dealers. The *muchangs* finance the woodmen, paying their timber-tax and advancing them money for tools, stores, &c.

The Chinese Government has formed a Bureau of Forestry in Peking to promote afforestation and to control cutting with a view to preventing waste, which in some parts has destroyed much timber.

The chief timber mart is said to have been Tatung-kow, but that port has lost most of its trade and no timber now appears in its export returns. Timber is mentioned, however, at five other 'ports':

	1913.	1914.	1916.
<i>Suifenhö</i> (exports):—			
Beams, softwood, sq. ft.	67,024	176,639	3,365,165
Planks, softwood, sq. ft.	1,785,231	1,720,550	1,480,859
Poles, pieces	—	14,550	178

<i>Hunchun</i> (exports):—	1913.	1914.	1916.
Beams, softwood, sq. ft.	— ¹	4,589,691	1,824,313
Piles and poles	—	—	— ²
Planks, softwood, sq. ft.	— ³	—	5,745
<i>Antung</i> (exports):—			
Beams, hardwood, pieces	12,765	29,900	19,077
Beams, softwood, pieces	276,759	339,047	569,997
Planks, sq. ft.	6,305,744	2,899,031	5,696,386
Poles, pieces	18,848	24,937	64,666
<i>Dairen</i> (exports from Manchuria into leased territory):—			
Timber of all kinds, piculs	44,928	54,161	279,023
<i>Newchwang</i> (exports through native customs):—			
Beams and planks, pieces	1,334	2,246	610
Poles, pieces	439	363	326

¹ Value, 40,384 Haikwan taels. ² Value, 624 Hk. taels. ³ Value, 4,547 Hk. taels.

(d) Land Tenure

The land in Manchuria is held by peasant proprietors. The land-tax is the great source of revenue, and the property of the temples is the only class of land exempt. Manchu holdings, however, pay less tax than Chinese, and in out-of-the-way places pay none at all. Chinamen pay about a shilling an acre, but the acre is a unit of assessment, not of area, and varies in size according to the quality of the land. An acre of first-class land is equivalent in size to an English acre, but an acre of middling land is double, and of inferior land three times the size.

Any man can secure as much waste land as he chooses to pay stamp duty upon, and the stamp duty is very light. In the Shengking province the land is officially measured and pays full assessment after three years. North of the Sungari the immigrant has to pay about 2s. 6d. an acre on taking up fresh land. He then gets the land free for five years and afterwards pays 5d. to 6d. an acre. The annual tax is payable in the eighth month, that is after harvest, but the farmer can put off payment till the tenth month, when failure to pay is followed by a fine. If arrears accumulate for six years, the land reverts to the State. Lands which from natural causes have produced less

than sufficient to support the owner are, upon petition, exempted from taxation for the year.

Manchu land is entailed, and only so much of it can be sold as is sufficient for the site of a house or a grave. It is often let to Chinese, who get virtual possession of it on mortgage for a third of its value. Rent-free land is often granted to Manchu officials as part of their salaries.

There is in general free power of sale as regards land in the occupation of Chinamen, but five per cent. of the price has to be paid to the magistrate who registers the sale and stamps the deed.¹

(3) FISHERIES

In North Manchuria fishing on the rivers is only carried on as a subsidiary occupation and the catch is consumed locally. In South Manchuria the sea-fisheries have a considerable value. Sea-bream, cod, and hairtail are the most abundant fish.

In 1909 some 3,000 junks and other vessels employing 18,000 men were engaged permanently in the coast fisheries; the fleet is strengthened by seasonal visits of several hundred boats from Japan. The catch is valued at about £80,000 annually, of which about three-eighths falls to the share of Japanese fishermen.

Fish is a principal article of diet among the Chinese, but after supplying local wants there is an export as shown by the following table:

	1913.	1914.	1916.
From Newchwang (Maritime and Native Customs):—	<i>Piculs.</i>	<i>Piculs.</i>	<i>Piculs.</i>
Dried and salt fish	2,698	2,209	4,093
Dried prawns and shrimps	5,770	7,598	7,895
Prawn and shrimp skins	2,953	4,100	6,197
From Tatungkow:—	129	147	—
Dried prawns and shrimps			
From Manchouli:—	48,263	65,900	55,541
Fresh fish			
From Dairen (including junk traffic):—	8,134	13,018	24,367
Dried, salt, and fresh fish.			
From Manchuria into leased territory:—	—	501	1,161
Dried and salt fish	1,078	1,241	2,352
Fish and fishery products			

¹ James, *The Long White Mountain*, pp. 161-3.

(4) MINERALS

Iron is found at Tiehling, which means 'Iron Range', and at Pensihu, where it occurs in conjunction with coal, while copper is found at Tunghwasien and Maoerhsan near the Korean border due east of Moukden, as well as at Pensihu, Tienpaoshan, Chaimachi, and Shisuitze. Lead, silica, potters' clay, and salt also occur. But the principal minerals worked are coal, asbestos, gold and soda.

The coal is chiefly the product of the Fushun collieries north-east of Moukden, with much smaller quantities from the Yentai collieries close to the main line between Moukden and Liaoyang, and the Pensihu collieries east of the latter town, on or near the Antung line. The Fushun collieries are believed to contain some 500,000,000 tons of coal, and to be capable of an average daily output of 5,000 tons; their total production in 1914 was 840,000 tons, which was very greatly increased in 1916. The Pensihu mines are estimated to contain some 150,000,000 tons, and have a daily output of 200; those at Yentai yield about 100 tons daily. Other coal-fields are at Niusintai, Wuhutsui, Liangsi, Naitzeshan, and in the Hunchun district. In all about 30 mines are working.

The Fushun coal is rich in bitumen and gives strong heat; it makes excellent boiler and bunker fuel and is a good gas coal. The Pensihu and Yentai coals are more difficult to ignite, but are very lasting. They coke well and are suitable for briquette-making. The Fushun coal is largely used by steamers calling at Manchurian ports and is exported as far south as Hongkong, as well as to Harbin. The other coals are mainly consumed locally.

The following are the amounts of coal exported in recent years:

	1913.	1914.	1916.
	Tons.	Tons.	Tons.
From Manchuria into the leased territory	1,195,204	1,218,584	837,385
From Dairen (including junk traffic)	1,011,152	990,823	833,581
From Newchwang (through Maritime and Native Customs)	307,583	338,019	83,458
From Antung	140,549	145,750	207,661

The value of the coal exported from Dairen in 1916 was 4 Haikwan taels (13s. 3½d.) a ton.

Iron.—The only spot in Manchuria where iron is mined on a commercial scale is at Pensihu, where the Pensihu Coal and Iron-mining Company (under the South Manchurian Railway Company) had one blast furnace completed in 1913 and two others proposed or in course of construction. A yearly production of 50,000 to 100,000 tons is expected when the projected works are in full going order. The whole of this output is ear-marked for the use of the State-owned Edamitsu Iron-works in Japan. Operations are also carried on at Lishan and Aushan, near Liaoyang, and at Tiehling, while deposits are known to exist near Haicheng, Fushun, Hsiuyuen, Kirin, and Sansing.

Asbestos is found at Kwantien, 45 miles north-east of Antung, and can be produced at a cost of 2s. 6d. a pound. The manner of working it is, however, antiquated and the cost of production could probably be largely reduced by the introduction of more modern methods.

Gold is found at Moho on the right bank of the Amur, the placers lying in the bed of a small tributary of a river which joins the Amur below Albazin; on the banks of the Sungari and of the Nonni, which enjoys the title of 'the Golden'; on the Arracan, a tributary of the Argun; on both banks of the Hurka; on the Tumen; and at Tunghwasien and Huaijen near the Yalu, respectively east and south-east of Moukden. All these are alluvial deposits and the dust is recovered by primitive washing methods. Gold is said to be worked in ten localities and to exist in about forty others in the province of Shengking, but the reports are often very unreliable and there are great difficulties in the way of exploitation.

Gold is exported to some extent from the eastern and southern ports, the net movements of dust and bars being recently as follows:

	1913.	1914.	1916.
To Korea and Japan	5,530	37,453	741,084
To Shanghai	47,920	32,700	901,947
Total, Hk. taels	53,450	70,153	1,643,031
Total, £	8,076	9,582	272,414

How much of this, however, is actually produced in Manchuria is doubtful, seeing that a certain amount of gold bullion, as well as coin and silver, appears to pass backwards and forwards in the course of trade. Moreover, the export figures may include some gold produced beyond the confines of Manchuria, since the Russian Government is said to have bought gold compulsorily from the Siberian miners at less than the market price, a practice conducive to smuggling. Gold was formerly exported from Newchwang, and the figures for that port for 1898 and 1899—i. e. 1,035,510 Hk. taels (£149,394) and 1,357,063 Hk. taels (£204,266) respectively—suggest that there has been no great increase in production.¹

Soda is found in veins in the marshes along the course of the Nonni and Sungari, the richest region being that lying between Tsitsihar and the lower course of the Sungari. It is marketed in Tsitsihar, Changchun, and Kirin for use in the raw silk industry. About 130 tons are sold annually in Kirin alone.

Lime is produced in great quantities in a district about 50 miles east of Harbin. Some 600 kilns are working and annually produce 650,000 tons, which find a ready market in Harbin.

(5) MANUFACTURES

So far Manchuria has only developed manufacture on a small scale.

The first impulse was given by the Russo-Japanese War, when a number of flour-mills were erected at Harbin to meet the needs of the army. As, however, their initial prosperity was due to an abnormal demand, the mills suffered a set-back when that demand fell off. There are in and near Harbin 10 large mills, and the

¹ Hosie, *op. cit.*, p. 247

capital invested in them amounted in 1907 to 6,000,000 roubles. Their productive capacity at its utmost reckoned at 242,000 tons of flour per annum. In 1907 they were producing only 80,000 tons, or roughly one-third of their capacity. The local demand at that time was only 40,000 tons and the remainder had to be shipped to distant markets. To this the high rates of the Chinese Eastern Railway presented an obstacle, and the Harbin mills, according to the latest information, were only slowly recovering from the extremely depressed condition into which they had fallen.

Flour milling elsewhere is carried on on a small scale except for a single modern steam mill at Tiehling owned by Japanese.

Brewing and distilling are fairly well developed industries. There are 14 breweries in Harbin and others on the line of the Chinese Eastern Railway, which supply the demand of northern Manchuria but do not export.

The principal liquor distilled is known as *shao-chu*. It is produced from kaoliang, and is stated to contain at least 40–50 per cent. of alcohol, the best kind containing as much as 60 per cent. About 600,000 piculs are produced annually, of which 90 per cent. is consumed within the country.

Industries connected with the soya bean are among the most prosperous in Manchuria. The principal products are bean-oil and bean-cake. About one-quarter of the bean crop, or 640,000 tons, is treated in the country. About one-third of the oil and nine-tenths of the cake are exported. In Dairen and Yingkow there are large factories with power plant; in general oil concerns are small and worked by horse or manual power. In all there are said to be some 1,800 plants in Manchuria. Further particulars as to soya bean products will be found above (pp. 45–6).

There are many small industries working for local consumption only. The woollen industries include the manufacture of carpets and rugs from imported Mongolian wool, felt boots and other felt goods. Coarse cotton cloth is woven and dyed, and flax and hemp

worked to a small extent. Carts and wheels are manufactured, chiefly of oak and elm, and junks are built in large numbers in the neighbourhood of Kirin.

At Moukden the South Manchurian Railway has started a beet-sugar factory.

In connexion with the Fushun coal-mine the South Manchurian Railway, in combination with a Japanese concern, erected a plant in 1916 to manufacture calcium carbide and sulphate of ammonia.

The British American Tobacco Co. has a factory of considerable size in Moukden, and the Eastern Asia Tobacco Co. (a Japanese concern) a similar one in Newchwang. In the latter town a Chinese tobacco factory exists and is said to be making good headway.

In Dairen there is a cement factory in Japanese hands.

At Changchun there is a match factory employing 600 hands, also a Japanese enterprise.

(C) COMMERCE

(1) DOMESTIC

(a) Principal Branches of Trade

Domestic commerce has so far reached no great development in Manchuria. The bulk of the population are peasants who provide a great deal for their own wants, both of the necessities of life and of the implements of industry and agriculture. The marketing of agricultural products such as are not locally consumed, the coal and timber trades at ports, and the distribution of such manufactured goods as are imported, principally cotton goods and petroleum, constitute the great bulk of the trade within the country.

(b) Towns, Markets, and Fairs

Harbin is interested in the flour and grain trade and also in cattle and meat, which it exports; it imports and distributes locally textile goods, tobacco, sugar, hardwares, and groceries. The total trade of the town

in 1908 was estimated at 35,500,000 rubles, of which the grain trade accounted for at least half.

Manchouli, *Tsitsihar*, and *Suifenho* have some trade in meat, eggs, butter, flour, and hides. Perishable goods which are destined for European consumption are brought to these centres for transport in refrigerators on the Chinese Eastern Railway.

Kirin was formerly a great commercial town, but until recently has been handicapped by lack of railway communications. It is nevertheless still a wealthy town with a large wholesale trade in timber. It is a centre for the whole of north-eastern Manchuria, and distributes cotton-cloth, kerosene, and other articles of daily requirement over a large area. The domestic trade of Kirin was valued at about 5,000,000 Haikwan taels in 1908.

Tiehling is second only to Changchun in the bean trade and has a similar general commerce.

Moukden is not generally considered a commercial centre, and its trade is mainly retail. Returns for 1908 value its domestic trade at 12,000,000 Mexican dollars.

Liaoyang has lost its former commercial importance since the Russo-Japanese War, and is now a local centre only.

Changchun is the principal centre of the internal trade of Manchuria and, as the meeting-point of the South Manchurian and the Chinese Eastern Railways, has a very large transit business. The chief articles of its trade are beans and grain, which are exported, and cotton goods, which are imported. The busy season is in winter, when the frozen rivers provide means of communication. Over 10,000,000 bushels of beans were brought to market in 1908, and over 10,000 tons of textiles, mainly cottons and valued at 7,000,000 yen, were imported into the town. Sugar, kerosene, tobacco, flour, and groceries are also freely dealt in.

A horse fair is held daily at Changchun, which is the principal centre for the sale and purchase of horses in Manchuria. Farm and transport animals form the bulk

of the offerings, but twice a year, in spring and autumn, high-class animals for riding are brought to the fair in good numbers.

The position of *Newchwang* as a port and trading centre has suffered from the competition of *Dairen* and the diversion of part of the trade between China and Manchuria to the North China Railway; but the town still has, and must always retain, a certain trade owing to its situation on the *Liao*, which makes it the centre for the populous basin of that river. Its domestic trade is principally in the inevitable beans and cotton-cloth, with the addition of kerosene, sugar, glass, and hardware, which it distributes from imports, and ginseng, raw silk, and hides, which it receives for export.

(c) Organizations to promote Trade and Commerce

The principal bodies falling under this head are the Chinese guilds, which are of three kinds: (1) the *Kungso*, or craft guild; (2) the *Hweikwan*, or strangers' guild; and (3) the Guild Merchant, of which the best instance is the 'Great Guild' of *Newchwang*.

(1) The *Kungso*, meaning in Chinese a public office or public place, or a place for the consideration of matters of public interest, is an association of the merchants and craftsmen of a particular trade, managed by an annually-elected committee. Its special duty is to arbitrate in business and other disputes between its members, and only in the last resort is an appeal to the law courts allowed. The guild, as representing the public opinion of the trade, exercises complete control in all matters of business, but it has no authorization from the Government or any external source. Its jurisdiction over members is absolute, 'not by reason of any charter or delegated power, but by virtue of the faculty of combination by the community and of coercion on the individual which is so characteristic of the Chinese race'.¹

The income of the guild is derived from assessments

¹ Morse, *The Guilds of China*, p. 27.

on business, voluntary gifts, and fines. The guild establishes rules as to apprenticeship and the conduct of business, and enforces them by a system of penalties ranging from fines of a score of candles for the temple or a dinner of so many dishes to the guild to cessation of business relations or commercial boycott. By declaring a suspension of all the business of the trade, the managing body sometimes even compels the Government to withdraw or modify an obnoxious order.

(2) The *Hweikwan*, or Club House, is an association for mutual support and responsibility among the natives of a particular province dwelling in a town outside that province. It exists to push the individual and collective interests of the body of aliens who constitute its members and to protect them against the hostility of natives and the rapacity of officials. It arbitrates between members, prosecutes their cases in the courts of law, and will even, in cases of necessity, bury the body of a dead member in its cemetery and pay his funeral expenses. It provides for such of its members as are strangers a free employment-agency, guarantees their respectability, and obtains for them information as to the solvency of any business man in the town.

Each club has a manager, advisory committee, and a permanent secretary who acts as the medium of communication between the club and the Government authorities. The club is supported by voluntary contributions and business assessments.

(3) The *Great Guild* of *Newchwang* is a body composed of the Chinese bankers and merchants residing there; formerly all the business in the place had to be carried on through it, and it was allowed to levy fees on the trade of the port. As an unofficial municipality it maintains drains, streets, and reservoirs, controls common lands, relieves the poor, and contributes to charitable societies. As a guild merchant, it draws up and enforces rules for the control of banking, trading, and markets.

Since in *Newchwang* there was formerly very little money, except copper cash, which was not in the coffers

of members of the guild, foreigners were driven to receive the proceeds of the sale of their imports in goods for export, and always through the agency of members of the guild. Now that European banks maintain branches at Newchwang, and there is not such a dearth of money, the monopoly of business in the hands of members of the 'Great Guild' is less absolute.

It may be added that there is a Chamber of Commerce at Harbin and a body calling itself the Dairen Foreign Board of Trade at Dairen. These are foreign corporations. Chinese Chambers of Commerce exist at Moukden, Newchwang, Antung, Kirin, Changchun, and Harbin, and have in all 86 branches in the three provinces.

(d) Foreign Interests

In Manchuria foreign interests, especially British, have been repeatedly affirmed by treaty to consist in the maintenance of the 'open door' and of the principle of equal opportunities for the commerce of all nations.

(e) Economic Penetration

Japan has succeeded in obtaining a high degree of economic ascendancy in Manchuria. She has exclusive control of the most important commercial railway; all mining and timbering enterprises she shares with China, in a purely nominal partnership, to the exclusion of other nationalities; while Japanese alone are allowed to initiate industrial undertakings. The position that she occupies is such that she is able to veto the construction of any line that could compete with the South Manchurian Railway and has the preferential right of railway construction in its area. Only Japanese settlers are allowed within the railway zones; but the Japanese have the right to reside and trade where they please in southern Manchuria and have made themselves thoroughly familiar with the needs and customs of the country. Of the overseas

trade 83 per cent. at Dairen, 47.6 per cent. at Antung, and 45 per cent. at Newchwang, is Japanese. Japan has the exclusive use of certain telegraph wires, worked by her own operators, and has her own post offices all over southern Manchuria. The Japanese banking system is everywhere represented by the Yokohama Specie Bank.

By virtue of recent agreements, if the revenues of southern Manchuria are pledged as security for foreign loans, Japanese capitalists have the first claim to advance the money required, while, if financial experts or political advisers are employed in southern Manchuria, they are to be Japanese.

As an instance of trade organization as a method of penetration may be cited a combination of five Japanese cotton textile companies in the Kansai district.¹ The combining firms agreed to export yearly 12,000 bales to the value of £120,000, even at the risk of loss, and to entrust the entire sales to a single firm, the Mitsui Bussan Kaisha. They are to receive special rates on steamers and railways and a loan from the Japanese Government of 6,000,000 yen (£600,000) at 4 per cent. Their transactions can be financed on specially favourable terms, since the Japanese Government, having to pay troops in Manchuria, remits through the Yokohama Specie Bank, which does not send the money direct, but lends it to the cotton traders, who repay the loan by selling goods in Manchuria.

The Japanese Government has also agreed to lend money at 4½ per cent. to companies exporting matches, cement, beer, marine products, timber, and cotton yarn to Manchuria, and, in the event of a single concern effecting an export to Manchuria of more than 5,000,000 yen (£500,000) in one year, the Government undertakes to refund half the interest received.²

¹ The following particulars are taken from Lawton, *op. cit.*, pp. 1178, 1185-6.

² According to Millard, *The Far Eastern Question*, p. 203, the return is not half the interest but ½ per cent. on the loan; i.e. the interest is reduced from 4½ to 4 per cent., which seems more likely.

It is not generally possible to give the countries of destination for exports, since trans-shipment is often effected at such ports as Hongkong and Shanghai and the identity of the goods lost sight of, but some idea of the shares of Manchurian exports taken by different countries may be obtained from the following particulars of the values of exports from Dairen in 1913 and 1914, it being remembered that the distribution varies greatly at different ports, Japanese preponderance being more marked at Dairen than at any other port except Antung, while in the trade of the northern ports Russia naturally takes the foremost place :

Country of Destination.	1913.	1914.
	£	£
Japan	3,966,008	3,979,365
Korea		
Great Britain and Colonies	234,859	120,970
Hongkong	*	300,806
United States and Hawaii		106,629
Russia (Pacific ports)	20,184	98,257
Belgium	*	54,880
Germany	196,556	166,156
	8,473	30,071

* Not ascertained.

(b) Imports

Cotton goods form by far the most considerable import into Manchuria. What the Japanese think of the country as a market for their cotton goods may be seen from a statement by Mr. Yamanobe, president of the Osaka Spinning Co. :¹

'In our eyes the purchasing power of the Manchurians is almost boundless. The inhabitants of Manchuria are much better off than the Koreans, and, in addition to this advantage, about 20,000 persons are yearly flowing into the country from Shantung and thereabout. These new settlers add to the demand, and it is difficult to imagine how great will grow the consumption of cotton goods in Manchuria. . . .

Manchuria itself is one of the best markets in the

¹ Quoted by Lawton, *op. cit.*, pp. 1180-1.

world for cotton textiles. The art of weaving is yet in a very primitive state, and as it can by no means be improved in the near future, the inhabitants must look abroad for the supply of the cotton stuff for their clothing. The large majority of the population are peasants and labourers, and they are naturally inclined to prefer coarse and more durable Japanese cottons to finer calico.'

Details of the quantities of the principal articles imported through Manchurian ports are given in Appendix V. The cotton statistics certainly appear to justify Mr. Yamanobe's view that Japanese textiles will in the end oust all others from the Manchurian market. The total values of imports into Manchuria are as follows (the conversion being made at the mean rate for each year) :

	1913.	1914.	1916.
Haikwan taels	72,431,345	73,988,133	83,591,308
£ sterling	10,941,290	10,107,668	13,862,571

Here again an increase will be observed between 1913 and 1916, though less marked than in the case of exports. As regards quantities the all-important cotton goods declined appreciably, metals increased, and so did engine oil, while kerosene decreased largely. There were substantial increases in gunny bags and rice. Cigarettes rose, while matches fell.

Some indication of the countries of origin of imports into Manchuria is afforded by the following table, which gives for the years 1913 and 1914 the values of goods imported into Dairen from the main sources of supply and is subject to the reservations already explained :

Country of Origin.	1913.	1914.
	£	£
Japan	3,530,367	2,402,108
Korea		
Great Britain and Colonies	255,890	153,408
Hongkong	*	143,276
United States	224,066	507,628
Russia (Pacific ports)	*	237,851
Belgium	51,333	87,710
Germany	284,865	214,145

* Not ascertained.

(c) *Customs and Tariffs*

In former times, when European commerce with China was concentrated at Canton, the Hoppo, or Chinese Superintendent of Trade at that port, used to appoint thirteen *co-hong* merchants, and every foreigner trading at Canton had to do business through one of these. The *co-hong* merchants had especially to see that foreigners for whom they were responsible paid their customs duties, and they controlled the customs houses, which were farmed out to them.

By the Treaty of Nanking in 1842, the customs duties were fixed at 5 per cent. for imports and 5 per cent. for exports payable at the treaty ports.

In the middle of the nineteenth century, owing to the expense incurred by the Government of China in connexion with the Taiping rebellion, a further tax was introduced called *Likin*, or 'contribution of a thousandth', imposed upon goods in inland transit. *Likin* stations or barriers were placed along the main routes of commerce both by land and water. An official *likin* tariff exists, but it is ignored both by officials and traders. The former endeavour to make profit by means of illegal exactions, and the latter seek to pay on fewer goods than are really cleared. Guilds and regular traders meet *likin* charges by the payment of lump sums. *Likin* is usually collected at the rate of 3 per cent. at the departure station and 2 per cent. at each inspection station. The amount collected within a province is usually limited to 10 per cent., but when goods are transported through several provinces it may amount to 15 or 20 per cent.

When commerce with Europe was extended to the treaty ports, a system arose by which customs duties, formerly collected by the *co-hong* merchants, were paid by European traders to their own consuls. This naturally led to fraud, and in 1863 the Chinese Maritime Customs Department was formed to collect the import and export duties and the *likin* tax at the treaty

ports. In 1898 the Chinese Government agreed that the Customs Department, which had practically been created by Sir Robert Hart, should remain under a British Inspector-General so long as British trade was paramount in China. Under the Department a system grew up according to which foreign goods, on payment to the Maritime Customs of half the duty together with the *ad valorem* tariff, should be exempted from *likin* and obtain a 'transit pass' to clear them through all *likin* barriers. At treaty ports, foreign goods, on which the import duty has been paid, may be dispatched at any time to another treaty port without further payment.

The great difficulty in connexion with *likin* is that the central Government makes revenue demands on the provinces for specified sums, leaving it to the provincial Governments to raise them as they please. Each province enjoys a measure of fiscal autonomy and treaties of commerce with the central Government do not bind it. Thus on the one hand the European trader, who has paid extra tax to the Chinese Maritime Customs at the port of importation to free his goods from *likin*, complains that his transit pass does not avail him in the provinces, and, on the other hand, the Chinese revenue official complains that the European trader contributes nothing to the provincial revenue if *likin* cannot be imposed on his goods.

The import tariff of 5 per cent. on British goods remained unrevised for forty-four years, from the Treaty of Tientsin, 1858, to the Mackay Treaty of 1902. By Article VIII of the latter 'the Chinese Government, recognizing that the system of levying *likin* and other dues on goods at the place of production, in transit, and at destination impedes the free circulation of commodities and injures the interests of trade, hereby undertake to discard completely [subject to certain limitations] those means of raising revenue'. In return, the British Government agreed to a surtax not exceeding 12½ per cent. on foreign imports, and 7½ per cent. on exports, together with a consumption

tax on articles of Chinese origin not intended for export.

Nevertheless in 1909 it was officially stated in the British Parliament that China, far from carrying out the provisions of this treaty, had on the contrary erected fresh *likin* barriers, and had further failed to do anything towards fulfilling her promise to reform the currency and judicature.

By existing arrangements foreign merchants other than British may import goods into, and export native produce from, China on payment of a tariff duty amounting to 5 per cent. on the average values of their imports in 1897-9, and 5 per cent. on the values of 1860 in the case of exports. They may take foreign goods to, and bring native produce from, any inland place on payment of an additional half tariff-duty as transit dues. They may also convey Chinese produce from port to port, paying the full export duty on shipment and half duty on landing. They can manufacture any kind of goods at treaty ports, subject only to the conditions binding on native producers, and are exempt from Chinese local taxation.

It may be remarked that the abolition of the export tax is a reform urgently called for in the interests of Chinese trade.

(D) FINANCE

(1) Taxes

A poll-tax is levied at the rate of 1 tael for each family, or group of families, a register being kept for the purpose.

The land-tax has already been discussed in dealing with land tenure. In 1915 the estimated revenue from this source from the three provinces was:

	Dollars.
Shengking	940,256
Kirin	792,223
Heilungkiang	362,017
Total for Manchuria	2,094,496
China (including Manchuria)	65,171,216

There is also a salt gabelle. The manufacture of salt is a monopoly worked by a number of licensed merchants, and is conducted, on the low-lying western coast of the Kwantung peninsula, by the evaporation of sea water. Before the salt leaves the works, the manufacturer has to specify the quantity he is about to remove, the destination and the route by which the salt will travel. He then gets a permit for which he pays a lump sum, but payment is often made through the great native guilds, which stand security for their members. The retail price of salt at the works is stated to have been formerly from $1\frac{1}{4}$ to 2 farthings per pound according to quality; but its cost was raised enormously by *likin* charges, which often added 3 farthings to the price. The tax is said to have averaged 1 farthing a pound or a little more. Till recently it appears to have been collected in Manchuria at the rate of 0.63 dollar per *picul*, and the consumption seems to have been 3,600,000 *piculs* a year. Some years ago it was proposed to raise the tax to 2 dollars and eventually to 2.5 dollars, and to make it uniform throughout China, but it is not clear whether this change has actually taken place.

The province receives a portion of the maritime customs, and as much *likin* or transit duty as the local officials can induce traders to pay. All carts have to pay transit duties on passing through a customs barrier, and also on unloading. Further, there are percentages levied on sales of land, houses, and cattle, a Manchu paying 3 per cent. and a Chinaman 5 per cent. A tax of 3 per cent. is also charged on timber when it is marketed, and all gold-miners have to pay a portion of their gains. There are also licence fees for distilleries, carts, opium dealers, and native boats. Distilleries pay 300 to 500 taels per still in actual use.

On the whole, it seems to be the general opinion that the Manchurian is very lightly taxed.

(2) Currency

The system of currency found in China is probably the most complicated in the world, and the confusion is hardly less in Manchuria than in other parts. On this question Mr. Whigham remarks (*op. cit.*, p. 134): 'In Manchuria the *diao* [tiao], or string of cash, is the only real standard of value. Silver is used for purposes of exchange, but only at its market value, like other commodities. . . . In such circumstances no stable system of finance is possible. Even if the *diao* had a fixed value, there would be no fixity about the paper money in circulation; but when it is considered that the *diao* varies to an enormous extent, according to the size and purity of the cash in each district, so that in Kirin two *diao* go to the ruble, while in Tieh-ling the exchange varies from eight to ten, one may have some faint notion of the financial chaos of the country.'

The following is the table of theoretical values:

10 Hao = 1 Cash.

10 Cash = 1 Candareen.

10 Candareen = 1 Mace.

10 Mace = 1 Tael.

Theoretically also 10 cash = 1 cent, and 100 cents = 1 dollar, and further 10 rolls of 100 cash make up 1 tiao or string. Whence it appears that 1 tael = 1 tiao = 1 dollar. But since a certain charge is made for stringing cash, the tiao usually contains not 1,000 but only 960-990. Moreover, in northern China (Shantung and Chihli) one cash counts as two, so that the tiao contains nominally 500 cash and practically about 490; while in Manchuria the number of cash to a tiao is much smaller, at Newchwang 160, at Moukden and Kirin rather more. The tiao, it should be observed, is everywhere a string of cash and a measure of value, not itself a coin.

The tael again is not a coin, but represents a certain weight¹ of silver of a certain degree of fineness, and

¹ As a weight the tael is one-sixteenth of a catty or 1½ oz. avoirdupois.

there are, moreover, at least four different taels bearing a fixed ratio to one another, thus:

100 Haikwan taels = 101.642395 Kuping taels
 = 105.215 Tientsin taels
 = 114.4 Shanghai taels.

The Haikwan or Customs tael is that in which all customs dues are charged, the Kuping or Treasury tael that in which taxes are paid. The former is the most important for trade statistics, while exchange is usually quoted on Shanghai.

The sterling value of the Haikwan tael for recent years (based on the variation in the price of silver) is shown in the following table, which needs to be borne in mind whenever customs statistics for different years are compared:

	1910.	1911.	1912.	1913.	1914.	1915.	1916.
Value.	2s. 8½d.	2s. 8½d.	3s. 0½d.	3s. 0½d.	2s. 8½d.	2s. 7½d.	3s. 3½d.
HT to £ ¹	7.43	7.44	6.55	6.62	7.32	7.68	6.03
£ to HT ¹	0.1345	0.1343	0.1527	0.1511	0.1366	0.1302	0.1658

¹ Approximate.

For actual currency the Spanish, Mexican, and Hong-kong dollars pass in China at various rates according to the amount of silver they contain and their local popularity. But in Manchuria, besides cash, the only currency in general use is supplied by the paper notes of local bankers, and these only pass within the particular district in which the banker's credit runs. Thus if a traveller holding Moukden notes wishes to go to Kirin, he has first to change his notes in Moukden and buy a Kirin credit in silver, and then change his credit into Kirin notes.

Of recent years perhaps the most important medium of currency has been the Japanese War notes, which have now been replaced by those of the Yokohama Specie Bank.

The Russians endeavoured to force paper rubles into use, but the Chinese would only accept them at a heavy discount and then sent them to Shanghai to

be changed into silver dollars or credits. Large numbers of counterfeit ruble notes have been imported into the country, the existence of which naturally depreciated yet further the current value of Russian paper in Manchuria.

The exchange value of the ruble is of course a matter of considerable importance in Manchuria, and its extreme depreciation in the course of the war has had very serious consequences for commerce. The Harbin District Trade Report for 1916 draws attention to the enormous fluctuations in the value of the ruble as reckoned in tiao in the northern provinces during 1914-16:

	1914.		1915.		1916.	
	<i>Kirin.</i>	<i>Tsitsihar.</i>	<i>Kirin.</i>	<i>Tsitsihar.</i>	<i>Kirin.</i>	<i>Tsitsihar.</i>
Highest	23.50	31.50	16.70	20.20	12.80	13.44
Lowest	8.40	11.40	7.05	7.40	4.99	5.54
Average	13.40	16.53	10.98	14.03	9.14	10.31

Meanwhile at the end of the year 1916, 100 Shanghai taels exchanged for 320 rubles, the normal rate being 120 to 130, and £10 for 175 rubles, the normal rate being 98 (and the actual par 94.57).

In some instances values have been given in the present volume in rubles, and to these the normal rate may be applied. In certain other cases values have been quoted in Japanese yen, which are equivalent to 24½d. (taken as approximately 10 to £1).

(3) *Banking and Financial Influence*

British banking is represented in Manchuria by the Hongkong and Shanghai Banking Corporation at Dairen and Harbin; Russian by the Russo-Asiatic Bank at Dairen, Harbin, and Newchwang; and Japanese by the Yokohama Specie Bank at Dairen, Newchwang, Antung, Moukden, and Harbin, and by its offshoot, the Bank of Manchuria, at Moukden. The Chinese have the Bank of China and the Bank of Communications at Moukden.

Other banks operating in Manchuria are the Chenlung Bank and the Ta-Ching Bank at Dairen, the Bank of

Chosen (Korea) at Antung, and two concerns, the Harbin Mutual Banking Corporation and the Second Harbin Mutual Banking Corporation, at Harbin.

In view of the fact that industrial and mining enterprises in southern Manchuria are practically monopolized by the Japanese, it is reasonable to suppose that the Yokohama Specie Bank, which is the most widely represented there and has Government support behind it, wields a greater influence than any other bank.

Japanese penetration has not left much room for the investment of other foreign capital in Manchuria, but the most profitable fields would appear to be mining and lumbering in Kirin and Heilungkiang and the improvement of railway communications in those provinces in order to exploit their undoubted agricultural capabilities.

(E) GENERAL REMARKS

Economically the greatest need of Manchuria is security of life and property and freedom from brigandage. Next to this, and closely associated with it, is the provision of better roads to open up the remoter parts and serve as feeders to the existing railways. This need is even more urgent than the construction of fresh lines. Further, while it is evident that the resources of Manchuria cannot be developed without the help of foreign enterprise, it may be permissible to suggest that it would be to the benefit not only of Manchuria itself, but also of foreign nations in general, if that help should take a rather more disinterested and less exclusive form than has hitherto been the case.

ANALYSIS OF PORT TRADE FOR 1916

Ports.	Imports.			Exports.		
	Foreign Goods imported from Foreign Countries and Chinese Ports less re-exports.	Chinese Produce imported less re-exports.	Net Total Imports.	Chinese Produce of local origin exported to Foreign Countries and Hong Kong.	Chinese Produce of local origin exported to other Chinese Ports.	Total Exports of local origin.
Aigun .	356,947	794,041	1,150,988	119,127	294,292	413,419
Sansing .	101,749	342,147	443,896	471,208	56,620	527,828
Manchouli .	2,985,916	316,225	3,302,141	16,039,574	84,372	16,123,946
Harbin .	— ¹	1,420,605	1,420,605	672,797	2,067,115	2,739,912
Suifenho .	15,845,098	—	15,845,098	14,578,811	—	14,578,811
Hunchun .	336,657	—	336,657	269,728	—	269,728
Lungchingtsun .	284,549	—	284,549	112,577	—	112,577
Antung .	18,507,536	1,626,365	20,133,901	4,855,892	3,754,073	8,609,965
Tatungkow .	8,444	2,879	11,323	9,105	12,873	21,978
Dairen .	35,954,742	9,113,801	45,068,543	43,135,327	11,572,920	54,708,247
Newchwang .	9,209,670	8,171,996	17,381,666	4,919,166	9,178,324	14,097,490
Totals .	83,591,308	21,788,059	105,379,367	85,183,312	27,020,589	112,203,901

¹ Excess of re-exports over imports Hk. taels 2,738,831.

IV.—PRINCIPAL EXPORTS

Quantities in piculs of 133½ lb. or 60·453 kg. (16·8 piculs=1 ton).

Commodity. ¹	1913.	1914.	1916.
Beans and Peas ²	8,473,718	10,664,725	9,264,790
Bean-cake	13,608,742	12,072,685	14,888,872
Bean oil	742,400	736,149	1,377,256
Kaoliang (tall millet)	1,048,200	241,908	389,434
Millet (spiked)	1,479,882	794,044	239,449
Maize	218,335	559,653	143,859
Wheat and Wheat Flour ³	2,085,409	2,208,092	1,629,366
Total Cereals ⁴	4,844,729	3,773,963	1,945,848
⁵ Wild Silk ⁵	18,382	15,412	14,028
⁶ Wild Cocoons ⁶	168,529	105,484	73,061
⁷ Waste Silk	13,403	14,056	13,741
Tobacco ⁷	15,019	11,926	16,441

¹ Coal and coke are exported from southern ports only; see p. 54. Timber is differently classified at different ports; see pp. 51-2.² Beans and peas, as distinct from beans, appear in the exports at Sansing, Manchouli, Harbin, Suifenho, and Hunchun (both appear at Sansing): 1913, 4,253,019; 1914, 4,092,963; 1916, 4,596,076.³ Flour, all from Harbin district: 1913, 242,264; 1914, 242,973; 1916, 419,029.⁴ Including, besides those specified in the table, barley, oats, and buckwheat, and unspecified cereals from Manchouli, but excluding flour.⁵ Including filature from Dairen: 1916, 1,246; and pongee from Antung: 1913, 89; 1914, 123; 1916, 102.⁶ Including refuse: 1913, 371; 1914, 285; 1916, 1,110.⁷ Including cigarettes from Harbin: 1916, 1,622; and a small amount of stalk from Antung.⁸ Silk is exported from the four southern ports only.

V.—PRINCIPAL IMPORTS OF FOREIGN GOODS

Commodity.	Classifier.	1913.	1914.	1916.
Cotton Goods ¹ :				
Shirtings, grey, American	Pieces	177,885	60,093	9,265
" English	"	110,989	73,713	53,750
" Japanese	"	76,110	69,226	124,738
" Total ²	"	466,218	295,380	188,073
" white ³	"	267,112	320,079	223,897
Sheetings, grey, American	"	298,675	186,726	152,124
" English	"	22,703	29,981	16,082
" Japanese ⁴	"	2,003,363	3,214,360	793,782
" Total ²	"	2,333,544	3,460,724	978,240
Drills, American	"	83,999	63,732	52,063
" English	"	3,861	3,276	1,067
" Japanese	"	372,985	434,034	327,941
" Total ²	"	477,262	510,978	381,165
Jeans, English	"	422,895	359,778	131,928
" Japanese	"	65,276	147,110	351,269
" Total ⁵	"	502,503	516,673	483,197
T-cloths, English	"	4,503	3,486	3,217
" Japanese	"	31,136	3,399	28,885
" Total ²	"	39,614	8,345	32,982
Cotton Cloth ^{4,6}	" ⁷	3,295,830	1,436,227	4,093,175
Plain Cottons, Total ⁸	"	7,382,083	6,548,406	6,380,679
Dyed, fancy, and misc. Cottons ⁹	"	638,966	563,743	370,861
Cotton Yarn	Piculs	133,117	161,189	141,842
Silk Piece Goods ¹⁰	"	292	1,340	508
Iron and Mild Steel, new and old	"	448,899	479,537	575,248
Iron, galvanized, sheets and wire	"	58,804	45,682	24,361
Tinned Plates	"	26,938	31,774	38,302
Oil, Engine	U.S. gall.	704,322	821,866	961,705
Oil, Kerosene	"	19,167,990	18,877,123	11,992,690
Bags, new and old ¹¹	Pieces	12,780,391	17,354,082	16,937,304
Rice	Piculs	391,383	471,658	564,043
Cigarettes	Mille	956,243	940,449	1,020,193
Matches	Gross	3,058,861	2,367,398	2,818,586
Sugar	Piculs	411,353	384,903	406,505
Electrical Plant and Fittings	Value H.T.	342,169	544,885	805,398
Railway Plant ¹²	"	205,269	627,214	511,672
Medicines	"	181,365	217,800	936,637

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¹ The great bulk of cotton goods is imported through Antung, Dairen, and Newchwang. Of the small quantity coming through northern ports most enters Suifuho.

² Including those of unspecified origin.

³ Including small quantities of white sheetings entering Aigun.

⁴ Certain goods entering Antung, and classed in 1913 and 1914 as Japanese grey sheetings, were classed in 1916 as Japanese cotton cloth.

⁵ Including those of American and unspecified origin.

⁶ Including Japanese cotton cloth and imitation native cotton cloth and Nankeens.

⁷ Averaged at 20 yards.

⁸ Total of previous items in the table.

⁹ Including all other cotton goods quoted by the piece except blankets.

¹⁰ Silk goods enter Antung and Dairen almost exclusively.

¹¹ Mostly gunny.

¹² Entered at Dairen only.

*HANDBOOKS PREPARED UNDER THE DIRECTION OF THE
HISTORICAL SECTION OF THE FOREIGN OFFICE.—No. 71*

**KIAOCHOW
AND
WEIHAIWEI**

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1920

EDITORIAL NOTE

IN the spring of 1917 the Foreign Office, in connexion with the preparation which they were making for the work of the Peace Conference, established a special section whose duty it should be to provide the British Delegates to the Peace Conference with information in the most convenient form—geographical, economic, historical, social, religious, and political—respecting the different countries, districts, islands, &c., with which they might have to deal. In addition, volumes were prepared on certain general subjects, mostly of an historical nature, concerning which it appeared that a special study would be useful.

The historical information was compiled by trained writers on historical subjects, who (in most cases) gave their services without any remuneration. For the geographical sections valuable assistance was given by the Intelligence Division (Naval Staff) of the Admiralty; and for the economic sections, by the War Trade Intelligence Department, which had been established by the Foreign Office. Of the maps accompanying the series, some were prepared by the above-mentioned department of the Admiralty, but the bulk of them were the work of the Geographical Section of the General Staff (Military Intelligence Division) of the War Office.

Now that the Conference has nearly completed its task, the Foreign Office, in response to numerous inquiries and requests, has decided to issue the books for public use, believing that they will be useful to students of history, politics, economics, and foreign affairs, to publicists generally and to business men and travellers. It is hardly necessary to say that some of the subjects dealt with in the series have not in fact come under discussion at the Peace Conference; but, as the books treating of them contain valuable information, it has been thought advisable to include them.

It must be understood that, although the series of volumes was prepared under the authority, and is now issued with the sanction, of the Foreign Office, that Office is not to be regarded as guaranteeing the accuracy of every statement which they contain or as identifying itself with all the opinions expressed in the several volumes; the books were not prepared in the Foreign Office itself, but are in the nature of information provided for the Foreign Office and the British Delegation.

The books are now published, with a few exceptions, substantially as they were issued for the use of the Delegates. No attempt has been made to bring them up to date, for, in the first place, such a process would have entailed a great loss of time and a prohibitive expense; and, in the second, the political and other conditions of a great part of Europe and of the Nearer and Middle East are still unsettled and in such a state of flux that any attempt to describe them would have been incorrect or misleading. The books are therefore to be taken as describing, in general, *ante-bellum* conditions, though in a few cases, where it seemed specially desirable, the account has been brought down to a later date.

G. W. PROTHERO,

*General Editor and formerly
Director of the Historical Section.*

January 1920.

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I. GEOGRAPHY PHYSICAL AND POLITICAL

(1) POSITION AND FRONTIERS

THE seizure of Kiaochow Bay in November 1897 was followed by negotiations resulting in a treaty signed in March 1898, by which the Chinese Government granted to Germany the lease for 99 years of certain territory on both sides of the entrance to the bay and also certain rights in a (neutral) zone of 31 miles (50 km.) measured from the high-water line of the bay. The treaty also contained certain concessions of mining rights and the construction of railways, granted by China to Germany.

The German leased territory is situated in the province of Shantung on the north-east coast of China, between 35° 43' and 36° 18' north latitude and 120° 4' and 120° 56' east longitude. The area is about 200 square miles (exclusive of the bay), and the bay is about 15 miles by 15, the entrance being nearly 2 miles wide. The territory consists of the two arms of Kiaochow Bay with the whole of the foreshore, the Hai-hsi peninsula in the south-west, the greater part of the Tsingtao peninsula on the east end, and the islands of Yin-tao, Chu-chia-tao, Ling-shan-tao, Tai-kung-tao, Cha-lien-tao, Fu-tao, and Kai-ti-miao, most of which are bare and rocky.

The area of the neutral zone is about 2,500 square miles.

In the Tsingtao peninsula the territory is bordered on the west by the bay and on the south by the Yellow Sea; the northern and north-eastern boundary follows fairly closely the right bank of the Paisha-ho to its source in Rock Partridge Hill, from which the eastern boundary is drawn southwards to the east side of the Nan-yao peninsula.

(2) SURFACE, COAST, AND RIVERS

Surface

The greater part of the Tsingtao peninsula is covered by the Lao-shan range with its ramifications, and the Lao-ting peak (3,700 ft.) is the highest elevation in the eastern part of Shantung. The hills spread westward across the peninsula towards Kiaochow Bay, which is fringed by a narrow strip of low-lying ground.

Though the greater part of the territory is mountainous, the valleys and low ground along the bay have a fertile soil providing a great variety of crops. About three-quarters of the area in the leased territory is under cultivation.

Coast

At the southern end of Kiaochow Bay is the hilly peninsula of Hai-hsi, on the south side of which is Arcona Bay, affording a sheltered anchorage for junks and vessels of less than 13 ft. draught. Kiaochow Bay is bordered on the north and west by low-lying ground. The depth at the entrance ranges from 10 to 30 fathoms, but it shoals towards the north and north-west. The city of Kiaochow itself, once a seaport, is now 5 miles inland, and its harbour, Ta-pu-tou, is only serviceable for junks and shallow-draught boats. In the south-eastern part of the bay there is anchorage for large vessels. The Germans have built a large harbour for big vessels, a smaller harbour for boats, and a landing-pier for boats in the south-eastern corner of the bay.

The coast from Tsingtao promontory eastward is rocky, and indented with small bays, mostly shallow. There is a good and secure anchorage in Lao-shan Harbour, and on the eastern side of the peninsula there is the large Lao-shan Bay.

Rivers

Five rivers flow through the leased territory—the Paisha-ho; the Litsun-ho, which is joined near its

mouth by the Chang-tsun-ho, flowing across the district into Kiaochow Bay; the Chuwo-ho, flowing into the Sha-tzu-kow Bay; and the Prince river, which flows into Lao-shan Harbour. These rivers are dry most of the year, only the upper courses having water at all seasons. In the rainy period they fill rapidly, and can then be crossed only at the fords. The beds of the rivers are always dangerous, owing to numerous quicksands.

(3) CLIMATE

The climate of Kiaochow is that of northern China, and is warm and moist during the summer. The temperature ranges from 90° F. (32.2 C.) to 12° F. (—11.1 C.). The rainfall for 1901 was 16.3 inches. The pleasantest seasons are from the beginning of April to the middle of June and from the middle of September to the end of November. From the middle of June to the beginning of August is a rainy season. In winter, northerly to north-westerly winds prevail.

(4) SANITARY CONDITIONS

Tsingtao is practically a European town, with good drainage, clean streets, and careful sanitation. Climatically the place is healthy, and indeed is a favourite summer resort for Europeans in North China.

The diseases which affect the native population of Shantung are similar to those of northern China generally, and must be looked for in the Tsingtao concession whenever precautions are relaxed. For Europeans the ordinary precautions should be sufficient protection against diseases.

(5) RACE AND LANGUAGE

The native inhabitants of the leased territory are practically all pure Chinese, speaking the Shantung dialect. Their dress, habits, manners, and customs are those of the northern Chinese in general, of whom they are both physically and morally very favourable

examples. Under the Germans Tsingtao grew into an important trading and industrial centre with a large commercial population. Numerous schools were started under German initiative, and the teaching of the German language was vigorously pushed.

(6) POPULATION

Tsingtao has grown rapidly from a fishing village into a large modern city of the European type. In 1913 the population of the leased territory was 192,000, or 960 to the square mile. This includes 53,812 Chinese, 2,360 Chinese 'water population', 4,470 Europeans, of whom 2,401 were military, and 342 Japanese, Koreans, &c. The population of Tsingtao in 1913 was 60,484. The remaining population is scattered throughout the territory in 311 villages, of which Seu-fang and Tsangkow on the railway and Litsun are the most considerable. The population of the neutral zone is about 1,300,000.

It is calculated that 250,000 labourers emigrate from Shantung every year to Manchuria, leaving in the spring and mostly returning in the autumn. Coolie agencies and lodging-houses have been established at Tsingtao to assist in this traffic.

Kiaochow]

II. POLITICAL HISTORY

[This section is intended to be read in conjunction with *China*, No. 67 of this series.]

CHRONOLOGICAL SUMMARY

- 1897. Seizure of Kiaochow by Germany.
- 1898. Treaty of Peking between China and Germany.
- 1913. Mining rights exchanged by Germany for options on railways.
- 1914. Japanese ultimatum to Germany (August 15).
- 1914. Japanese take Kiaochow (November 7).
- 1915. Arrangements concluded between Japan and China.

Introductory.—The Bay of Kiaochow had figured prominently in discussions about naval bases and harbours for some years previous to its seizure by the Germans in November 1897. It was generally considered that Russia had designs upon the district, and it was assumed at the time that the action of Germany could not have been undertaken without a preliminary understanding with the Tsar's Government.

German-Chinese Treaty of Peking, 1898.—The murder of two German missionaries in the prefecture of Tsaochowfu in Shantung was the ostensible pretext for the seizure of Kiaochow, and the German occupation was legalized by a treaty signed at Peking on March 6, 1898. The preamble says that 'the Imperial Chinese Government consider it advisable to give a special proof of their grateful appreciation of the friendship shown to them by Germany'. By Article I China, 'to strengthen friendly relations with Germany' and 'to increase the military readiness of the Chinese Empire', engaged, while reserving sovereign rights, to permit the free passage of German troops within the zone of 50 kilometres (100 Chinese *li*) surrounding Kiaochow Bay at high

water, and to abstain from taking any measures therein without the previous consent of the German Government. At the same time China reserved the right to station troops in that zone, 'in agreement with the German Government, and to take other military measures'.

Under Article II, 'both sides of the entrance to the Bay of Kiaochow' were ceded to Germany on lease 'provisionally for 99 years . . . with the intention of meeting the legitimate desires of H.M. the German Emperor that Germany, like other Powers, should hold a place on the Chinese coast for the repair and equipment of her ships'. Germany engaged not to construct fortifications in the territory thus ceded.¹

In Article III China agreed to abstain from exercising rights of sovereignty in this ceded territory during the term of the lease and to leave the exercising of those rights to Germany, who was to permit to Chinese ships-of-war and merchant vessels 'the same privileges in the Bay of Kiaochow as the ships of other nations on friendly terms with Germany'.

Fall of Kiaochow, 1914.—On August 15, 1914,² soon after the outbreak of war, Japan addressed an ultimatum to Germany requiring her 'to deliver on a date not later than the 15 September to the Imperial Japanese authorities, without condition or compensation, the entire leased territories of Kiaochow with a view to the eventual restoration of the same to China'. The ultimatum was ignored; a Japanese expedition,

¹ The boundaries of the leased territory were subsequently fixed by a Sino-German commission. The results of its work are summarized on p. 1. The area allotted to Germany was very much larger than would be expected from the wording of the treaty.

² The ultimatum was drawn up at a Council of Japanese Ministers on August 15 and handed to the German Ambassador the same evening. It was simultaneously cabled to the Japanese chargé d'affaires at Berlin, where it arrived on the night of the 16th and was formally delivered on the morning of the 17th to the German Minister for Foreign Affairs (*Japan Year Book*, Tokyo, 1915, p. 770) See *Japan* (No. 73 of this series), p. 94, and *China* (No. 67, p. 91.

to which was attached a small British force, landed in Shantung, and Kiaochow surrendered on November 7.

Arrangements concluded between Japan and China, May 1915.—In the preliminary negotiations with China, whose territory was violated for the purpose of the military operations, the Chinese maintained that they had received formal and definite assurances from Japan that Kiaochow would be restored to them; and there is no doubt that the British Government also understood at the beginning that this was the Japanese aim and intention. But before long modifications in the attitude of Japan were observed, and early in 1915 a series of demands were made upon China. Negotiations followed, and by formal engagements, recorded in treaties and exchange of Notes in May 1915, the Chinese Government agreed to give full assent upon all matters upon which the Japanese Government might thereafter agree with the German Government relating to the disposition of all rights, interests, and concessions which Germany, by virtue of treaties or otherwise, possessed in the province of Shantung, and Japan undertook to restore the leased territory of Kiaochow to China after the war on the following conditions:

1. The whole of Kiaochow to be opened as a commercial port.
2. A concession, under the exclusive jurisdiction of Japan, to be established at a place designated by the Japanese Government.
3. If the foreign Powers desire it, an international concession may be established.
4. The Japanese and Chinese Governments to arrange by mutual agreement the disposal of the German properties and buildings.

III. ECONOMIC CONDITIONS

(A) MEANS OF COMMUNICATION

(1) INTERNAL

(a) Roads

IN the southern portion of Kiaochow, not far from the sea, a road runs from Tsingtao to the Prince Henry Hills and Sha-tzu-kow Bay.

A macadamized military highway runs north from Tsingtao to Tsangkow. Near Tsingtao, a road diverges from it and leads to Hohsi and Litsun. From Litsun it is continued to Chiushui in the Lao-shan valley, along which the Chuwo river flows, and thence to the Mecklenburg Convalescent Home in the Lao-shan Hills. From the Home the road passes into the Felsenthal or Paisha-ho valley, and so to Precipice Pass and the German frontier in the north-eastern corner of the Protectorate.

From Chaotsun, on the northern frontier of the Protectorate, a road runs up the valley of the Paisha-ho, and there is also a road from Sha-tzu-kow Bay to Irene Vande, a cottage erected in the Lao-shan Hills by the Tsingtao Mountaineering Club.

There is no road leading from the Protectorate into the province of Shantung. Such roads as exist are of the most primitive sort. The only wheeled vehicle in general use is the well-known Chinese handbarrow, upon which considerable loads can be moved by one man. Pack-animals are the most common means of transport.

(b) Rivers and Canal

The Protectorate contains no navigable rivers, nor are there any entering the Bay of Kiaochow from

Chinese territory. Navigable canals are also lacking, but there are the remains of a canal, constructed in the thirteenth century, which ran northward across the narrowest part of the Shantung peninsula from Kiaochow Bay, thus enabling vessels to reach the Gulf of Pechili from the Yellow Sea without doubling the Shantung promontory. No attempt to reconstruct the canal has been made in modern times, but the desirability of doing so deserves serious consideration.

(c) Railways

The Shantung Railway.—Immediately after the cession of Kiaochow, a powerful group of German banks and financiers, including the Disconto-Gesellschaft, the Deutsch-Asiatische Bank, the Deutsche Bank, the Bank für Handel und Industrie, the Dresdner Bank, S. Bleichröder, R. Warschauer & Co., and Jacob Stern of Frankfurt, formed at Berlin the Schantung Eisenbahngesellschaft, in order to work the railway and mining concessions granted to Germany by the Convention of 1898. The railway concessions embodied in the treaty comprised (i) a line from Tsingtao to Tsinanfu, (ii) a line from Tsinanfu to Ichowfu, and (iii) a line from Tsingtao to Ichowfu. The mining concessions granted the exploitation of all mines within 10 miles of the railway lines. In order to deal with the minerals, a second company, the Schantung Bergbaugesellschaft, was simultaneously formed, which, however, owing to financial difficulties, had to be bought up by the railway company in 1913 (cf. p. 25). The railway company set to work at once, and the main line from Tsingtao to Tsinanfu, 256 miles long, was completed in 1904. A branch from Changtien to Poshan, 28 miles long, was opened in 1906, and another from Tsaochwang to Taierschwang, 26 miles long, was opened in 1910. The gauge is 4 ft. 8½ in. (standard). The track is single, but the earthworks have been constructed to admit of a double track when the developments of the future demand it. In 1916 the rolling stock consisted of

41 locomotives, 110 passenger cars, and 1,051 goods cars.¹

The following statistics show the amount of passenger and goods traffic on the railway from 1910 to 1913:

	1910.	1911.	1912.	1913.
Passengers . .	654,128	909,065	1,230,043	1,317,438
Tons of goods .	769,192	717,189	852,001	946,610

The treaty between China and Germany provided for the co-operation of Chinese capital in the undertaking, but no advantage was taken of this provision, the Chinese having a deeply-rooted prejudice against investment in companies. The capital of the company in 1898 was 54,000,000 marks, or £2,700,000. This was increased to 60,000,000 marks when the company took over the Schantung Bergbaugesellschaft in 1913 (cf. p. 25). The cost of constructing the line was nearly £2,650,000. The following dividends were paid in the seven years following the completion of the main line: 1905, $3\frac{1}{4}$ per cent.; 1906, $4\frac{1}{4}$ per cent.; 1907, $4\frac{3}{4}$ per cent.; 1908, $4\frac{3}{4}$ per cent.; 1909, 6 per cent.; 1910, $6\frac{1}{2}$ per cent.; 1911, 6 per cent. The receipts for 1912 were 9,292,466 marks (£464,623), and the expenses 2,464,629 marks (£123,231), so that the balance-sheet showed a profit of 6,827,837 marks (£341,392).

The most important stations on the railway are Tsangkow, within the Protectorate, Weihsien, a colliery centre (cf. p. 24), Tsingchow, and Changtien, the junction for the branch line to the Poshan coal-field.

The railway is now being worked by the Japanese.

The Tientsin-Pukow Railway.—The option of constructing a line from Tsinanfu to Ichowfu was included in the concession to the Schantung Eisenbahngesellschaft. In 1897, however, a Chinese, Yung Wing, had obtained a concession for a railway from Tientsin to Chinkiang, and had arranged to borrow money for it from an

¹ In September 1913 an old narrow-gauge salt line connecting Hwangtaichiao on the Siao-ching-ho with Lukow Harbour on the Yellow River was reconstructed in order to be linked up with the Shantung Railway by a short line then under construction. The line was expected to be a valuable feeder for the German railway.

Anglo-American syndicate. The Convention of Kiaochow interfered with this concession. Yung Wing withdrew, and German and British capitalists came to terms in 1899, forming a combined Anglo-German syndicate, and agreeing that the northern section of the line from Tientsin to Chinkiang should be built by German and the southern by British capital. The Chinese, however, insisted that the line should be a Chinese Government railway, and the Germans consented; but the Boxer risings held up the execution of the contract till 1905. The terminus was then changed from Chinkiang to Pukow in order to secure connexion with Nanking, and the amount of the proposed loan was increased from £7,400,000 to £10,000,000, of which £6,500,000 was to be German (contributed mainly by the Deutsch-Asiatische Bank) and £3,500,000 British (supplied chiefly by the British and Chinese Corporation and the Hong Kong and Shanghai Banking Corporation).

The German section, which ends at Hanchwang, was originally 390 miles long, but was subsequently increased to 453 miles by the following branches: Chentangchwang-Liangwangchwang, 16 miles; Lin-cheng-Tsaochwang (a coal line finished in 1912), 19 miles; Yenchowfu-Tsiningchow, $19\frac{1}{2}$ miles; Lokow-Hwangtaichiao, $5\frac{1}{2}$ miles; Tialiu-Pauto-Techow-Grand Canal, $2\frac{1}{2}$ miles. At Tientsin the line is connected with the Peking-Moukden Railway, and at Tsinanfu with the Shantung Railway.

In 1913 the company's accounts showed a deficit of £245,625.

Projected Lines.—In making the agreement regarding the Tientsin-Chinkiang Railway, the Germans reserved their right to construct a line from Tsingtao to Ichowfu. The Chinese Government raised difficulties, but after negotiations agreed early in 1914 to the construction of a line which was to start from Kaomi, a little west of Kiaochow town, on the Tsingtao-Tsinanfu Railway, to pass Ichowfu and Ihsien, and to strike the Tientsin-Pukow Railway at a point a little

to the north of the Grand Canal. The company working the new line was to have running powers over a section of the Tientsin-Pukow Railway. The undertaking was to be a Chinese Government railway under German direction, with German engineers and accountants, and with German capital and materials; but Germany was to give up her mineral rights along the whole length of the line.

Simultaneously the Germans obtained the right to build an extension of the Shantung Railway from Tsinanfu to Shunte, or some point between Shunte and Sinsiang on the Peking-Hankow Railway. The first idea seems to have been that the terminus of this extension should be Chengting, also on the Peking-Hankow line, whence a Russian-built line runs to Taiyuan in the province of Shansi, which contains the richest coal-fields of all China. This project seems, however, to have been definitely abandoned. Like the Ichowfu Railway, the Tsinanfu-Shunte extension was to be a Chinese Government railway under German direction, with German engineers, accountants, capital, and material. It was suggested that this line might later be continued westwards to Luanfu in South Shansi.

Another plan which had not matured in 1914 was the construction of a line from Yenchow on the Tientsin-Pukow line to Kaifeng, the eastern terminus of the projected Belgian railway through the province of Honan to Hsien in Shansi. The route for this German line was surveyed as far back as 1910.

Great advantages, actual or prospective, were offered to German commerce by these projected railways. By the Shantung line and its branches, Germany tapped the trade of northern Shantung, and the Tientsin-Pukow line gave her access to Chihli and south-west Shantung. The Ichowfu line would have opened up eastern Shantung; the Shunte extension would have extended German influence into western Chihli; and lastly, had the Kaifeng plan been brought to maturity, Germany would have had an open door into Honan and Shansi.

Opposition to German railway expansion in North China showed itself not only in diplomatic delays, and the unalterable resolve that the new railways should come under the control of the Chinese Government, but also in a plan, advocated with great zeal in Chinese circles, for the building of a Chinese railway from Weihsien to Chefoo, with the object of restoring to the latter port its lost commercial supremacy in Shantung. The Chinese Imperial Bank promised support, but the amount raised was totally inadequate, and the scheme was dropped.¹

Writers of a prophetic turn have discussed the possibility of a great railway across Central Asia, which would reach the Pacific along the valley of the Hoang-ho, cutting through the mountains between Shansi and Honan. Of such a railway Tsingtao might be a terminus, but if Shanghai, which would probably have superior claims, were preferred, Tsingtao might at any rate be the terminus of an important branch.

In 1915 Japan demanded the right to construct a line from Weihsien to Lungkow, a port on the Gulf of Chihli, about 60 miles north-west of Chefoo; but China refused to consent, and expressly reserved to herself the right to build a line from Weihsien to Chefoo, *via* Lungkow.

(d) *Posts, Telegraphs, and Telephones*

The Germans had their own postal system within the Protectorate, and their own post offices at Weihsien, Laichow, Tsingchow, and Tsinanfu. The Imperial Chinese Post Office grew up under the Chinese Maritime Customs, but has been a branch of the Ministry of Posts and Communication since May 1911. It supplements the Ichan, or Government courier service, and the Minchu, or Chinese postal agencies, which formerly used to transmit letters and light parcels.

¹ It seems that in their negotiations with the Chinese Government in 1912 the Germans suggested that they should carry out the project themselves.

Before the war the usual route for mails from Europe to Tsingtao was by the Siberian Railway to Dairen and thence by steamer. Letters between western Europe and Tsingtao took from 17 to 22 days in transit.

The telegraph system runs along the whole length of the railways; and from Weih sien on the railway a telegraph line runs to Laichow, where it bifurcates, one branch running to Tengchowfu and the other to Chefoo and Weihaiwei. There is also a telegraph line from the town of Kiaochow to Pingtuchow and Shaho, where it joins the Weih sien-Laichow line. Within the limits of the Protectorate, Litsun and the Mecklenburg Convalescent Home on the Lao-shan Hills are connected by telegraph.

There is a telephone system in Tsingtao, and the tops of all the surrounding hills are connected with a central office by telephone for military purposes.

(2) EXTERNAL

(a) Ports

Accommodation.—The port of Tsingtao is situated within the Bay of Kiaochow, a large land-locked arm of the sea, with an entrance two miles in width and a depth of at least 60 ft. at its shallowest point.

There are two harbours, known as the Great Harbour and the Small Harbour, both artificial, and both situated on the north side of the Tsingtao peninsula. Between the two is a small area known as the 'Building Harbour' (Bau-Hafen), which is intended for the construction and repair of junks.

The Great Harbour consists of a water area of 730 acres, enclosed by a mole shaped like a horseshoe and $3\frac{3}{4}$ miles in length. The entrance is 984 ft. wide; a channel, dredged to a depth of $28\frac{1}{2}$ ft., leads up to it, and a considerable portion of the harbour area has also been dredged to the same depth. On the east side of the entrance there are two straight moles parallel with one another, which form the principal

discharging and loading wharves of the port. Both are 558 ft. in breadth, and are well supplied with warehouses and cranes. There are berths for 30 vessels. Railway lines connected with the line to Tsinanfu run along both moles. A little farther north, where the horseshoe mole joins the land, there is a wharf for petroleum steamers, with storage tanks in its vicinity. At the sea or western end of the horseshoe mole there has been constructed a broad quay, on which there is a shipbuilding and repairing yard which belonged to the German Government, and a smaller yard and a machine shop in private ownership. Connected with the Government yard is a floating dry dock, which is 400 ft. long, 120 ft. broad, and 32 ft. in depth, and can accommodate vessels up to 16,000 tons. A railway line running the full length of the horseshoe mole and connected with the Tsinanfu line serves the yards and shops at the western end.

The whole of the area above described constitutes the Free Port (*Freihafengebiet*), within which no customs dues on exports or imports are levied. This limited district replaced in 1906 the free zone, which till that date included the whole Protectorate. The alteration was made for reasons referred to below (p. 37).

About a mile to the south of the Great Harbour, outside the bounds of the Free Port, is the Small Harbour, used by coasting and junk traffic. The shelter offered by a small inlet has been rendered more complete by the construction of two moles, respectively 650 and 430 yds. in length, and an area of 90 acres of water has thus been made into a safe harbour, with a general depth of 18 ft. A railway line runs from the Tsinanfu Railway to a wharf on the north side.

There is an additional anchorage with fairly good shelter off the south side of the Tsingtao peninsula, a station specially reserved for petroleum vessels. Storage tanks have been erected on the shore close by.

Nature and Volume of Trade.—Since the opening of the port, Tsingtao has been visited by an increasing

number of steamers yearly. The figures for the period 1906 to 1913 are as follows:

	No. of Steamers.	Aggregate Tonnage.
1906-7.	499	546,843
1907-8.	432	519,292
1908-9.	511	670,025
1909-10.	568	806,759
1910-11.	618	1,070,702
1911-12.	785	1,209,154
1912-13.	923	1,298,622

In addition the port is frequented by numerous junks, which load and discharge in the Small Harbour.

The goods passing through the port of Tsingtao are mainly in transit, as few of them are produced or consumed within the bounds of the Protectorate. The principal commodities shipped or discharged at the port are reviewed below (pp. 32-37), where detailed statistics are also given. It should be noted, however, that Tsingtao is a great coaling station, and that the bunker coal taken by ships is not included in the export returns.

Adequacy to Economic Needs.—Tsingtao port has been laid out on extensive lines with a view to development, and will probably be able to meet all demands upon its accommodation for some time to come. In the Great Harbour quay space could be considerably enlarged without unduly curtailing room for anchorage.

Owing to the Shantung Railway, Tsingtao has become the most convenient port for a large region. Its rise has caused great loss to Chefoo, which formerly had almost a monopoly of the foreign trade of Shantung, and the Chefoo merchants attempted, without success, to organize a boycott of the German port. Even Tientsin was menaced by the rapid rise of Tsingtao, especially after the construction of the Tientsin-Pukow Railway. The great advantage of Tsingtao over Tientsin lies in the fact that while Tientsin is usually ice-bound for some months in winter, Tsingtao is nearly always ice-free. For summer trade, however, Tientsin will probably remain more

attractive to merchants of the adjacent inland districts; and it is significant that during the winter of 1912-13 the Tientsin river was kept open by ice-breakers. The Germans, indeed, were somewhat apprehensive lest the new Tientsin-Hankow Railway might divert trade from Tsingtao, but there is no evidence available as to the effect actually produced.

The construction of the projected railways described above (p. 11) would doubtless bring a great volume of new trade to Tsingtao.

(b) Shipping Lines

The Hamburg-Amerika Linie maintained a weekly freight service and a monthly passenger service between Shanghai and Tsingtao, and the same company's coasting steamers called at Tsingtao on their voyages between Shanghai and Tientsin.

Tsingtao was also a port of call for the service of the Indo-China Steam Navigation Co. between Canton and Tientsin.

The Osaka Shosen Kaisha ran steamers twice monthly from Kobe to Tsingtao, returning thence to Osaka.

The South Manchurian Railway Co.'s steamer called at Tsingtao once a week on its voyages between Dairen and Shanghai.

Besides these local services, the following lines from Europe and America to Japan touched regularly at Tsingtao:

For the Norddeutscher Lloyd's fortnightly service between Bremen and Japan, Tsingtao was a port of call on alternate voyages, and would have been visited every voyage but for the outbreak of war.

The Hamburg-Amerika Linie began in 1914 a service between Hamburg and American Pacific ports *via* the Suez Canal and China and Japan, the return voyage being made by the Panama Canal. Tsingtao was one of the ports of call.

The boats of the Peninsular and Oriental Steam Navigation Co., Ltd., called on their fortnightly voyages

between Bombay and Japan, and those of the Messageries Maritimes on their monthly voyages between Marseilles and Japan.

Steamers of the Great Northern Steam Navigation Co., an American line, touched at Tsingtao on their voyages between Seattle and Shanghai.

Tsingtao was thus served by a number of important lines and connected with all parts of the world by first-class steamer services. This was due less to its commercial importance than to its advantages as a coaling station.

(c) *Telegraphic and Wireless Communications*

In 1914 Tsingtao was connected by maritime cable with Shanghai and Chefoo, both lines belonging to the German Imperial Postal authorities. From Shanghai there are cables to Hong Kong, Japan, and Europe, owned by the Eastern Extension Telegraph Co., and Chefoo has cable communication with Dairen in Manchuria and with Tientsin. The Chefoo-Dairen cable is Japanese Government property.

The German Oriental Wireless Telegraphy Co. had a wireless installation at Tsingtao.

(B) INDUSTRY

(1) LABOUR

Shantung is the most densely populated province of China, so that the Kiaochow Protectorate had a large reservoir of native labour to draw upon. Moreover, the political disturbances in China led to a considerable immigration of Chinese into the German Protectorate. The population of Tsingtao itself rose from 14,905 in 1902 to 40,264 in 1910 and 60,484 in 1913, and large numbers of Chinese workmen live in the villages on the flat ground north-east of the Moltke and Bismarck Hills. It illustrates the determination of the Germans to make the fullest use of the available labour supply that the German Chamber of Commerce arranged for workmen's trains in certain districts.

In 1900, as there were no craftsmen at hand, the skilled labour required for the building of Tsingtao and its harbour works had to be got from Shanghai at high wages. The Germans, therefore, opened at Tsingtao a technical school for young Chinese. The students worked for four years at very low wages; they then received an apprenticeship certificate, but were obliged to remain several years longer in the service of the dockyard. By 1911, 274 apprentices were working there, and wages had fallen; skilled workmen from South China, who had at one time received as much as two dollars a day, were accepting a little over a dollar. The undertaking was therefore considered to be a great success. The average wage of unskilled labourers from Shantung was 0.58 dollar a day, a little higher, that is, than the average for China as a whole, which was 0.52 dollar.

(2) AGRICULTURE

(a) *Products of Commercial Value*

The soil of the German Protectorate is fertile, owing to the large quantity of potash it contains, but in places the rocky nature of the country limits cultivation. Among the vegetable products are the sweet potato, which occupies about half the cultivated area, rice, wheat, barley, millet, maize, beans, pulse, hemp, and many kinds of fruit, especially apples and pears, which are abundant. The German Government was introducing cotton, sugar-beet, and various fruits. Winter-sown wheat and barley are reaped in June: the ground thus freed is sown with beans, pulse, maize, and hemp. Apples and pears are ripe in July, when buckwheat is sown. In August hemp is taken up and cabbages planted. In September the great harvest of the year is reaped, consisting of rice, millet, maize, beans, sesame, peas, and grapes; and in October buckwheat, citrons, and ground-nuts are gathered, and the ground is prepared for the winter barley and wheat. In 1908, 8,000,000 Chinese pounds of pears and 200,000 of apples

were sent to southern China from Kiaochow. Fruit plantations are especially numerous in the valley of the Paisha-ho, on the slopes of the Tungliu-shui hills, near Tengyau, and in the hilly country south of Litsun. The taste of Chinese fruit is not liked by Europeans, but it can be improved by grafting the trees with finer varieties, and the Forestry Department of Tsingtao was encouraging this process. Native fruit often suffers from a fungus, but this does not seem to attack German varieties.

Kiaochow is poor in animals, both wild and domestic. The Chinese peasants breed oxen, donkeys, and mules for work in their own fields, but the only animal which they breed for commercial purposes is the pig. The Tsangkow breed is the most common, its flesh being highly esteemed by the Chinese, though not palatable to Europeans. Large quantities of pork are sent to other parts of China, and there is also an export trade in pigs' bristles.

The Germans made an attempt to cross European cattle with native stock; at first the imported animals died of disease, but a serum was discovered which rendered them immune. The Germans also introduced a considerable number of goats, chiefly Saaner goats, for the sake of their milk. The lack of pasture-land will, however, prevent any large expansion of stock-raising. All meat consumed by Europeans is imported from inland.

The rearing of silk-worms was being encouraged by the German Forestry Department, but up to 1914 the results were small (see below, p. 28).

(b) *Methods of Cultivation*

The Chinaman is one of the finest rule-of-thumb agriculturists in the world. He lavishes almost limitless care and attention on individual plants; he is skilled in the use of manure; and in the Kiaochow Protectorate, as elsewhere, he has made artificial terraces to facilitate watering. His working of the

soil is, however, too superficial, so that he does not get the best out of it.

The German Agricultural and Forestry Departments used to exhibit new implements and to provide instruction in new methods of agriculture, but their efforts had little effect on the deep-rooted conservatism of the natives.

(c) *Forestry*

Afforestation is greatly needed in China, where centuries of uncontrolled timber-cutting, counteracted only by spasmodic and ill-organized planting, have resulted in an almost complete denudation of the country, to the great detriment of climate and soil. In the Kiaochow Protectorate the German authorities initiated very ambitious schemes of afforestation. The Botanical Gardens of the Forestry Department, on the south-west slope of the Iltis Hills, exhibited trees and shrubs which could be profitably grown in Kiaochow. The Schantung Eisenbahngesellschaft planted trees systematically along its lines, and the Government sold a great number of young trees, especially acacias, which suit the soil and provide timber for pit-props (which formerly had to be imported from Japan). A special object of the Forestry Department was the establishment and developing of a silk industry in the Protectorate. In 1911 alone, 250 zentner of young oaks were planted in different villages; 20,000 mulberry trees were distributed; and in 17 villages silk-worm rearing was taken up.¹ Plantations of fir, willow, alder, elm, and *arbor vitae* were also made by the Department. Unfortunately, afforestation is impeded by a prevalent timber pest.

(d) *Land Tenure*

When Germany obtained the lease of Kiaochow, all land in China was nominally the property of the Em-

¹ The growing of mulberry trees for silk-worms takes much longer than the growing of oaks for the same purpose, but the silk-worms fed upon mulberry yield a much finer product.

peror; but in point of fact his subjects bought and sold land as they pleased, and the Government did not interfere so long as certain land-taxes were paid. No sooner had the Kiaochow Convention been signed than certain Asiatic firms at Shanghai showed a desire to speculate in land in the German Protectorate. To prevent this, the German authorities adopted a policy suggested by the land system prevailing in several Asiatic protectorates of the United Kingdom. They laid down that land owned by Chinese might be sold only to the local German Government, which, it was further decreed, was to have discretionary powers of expropriation. The Government forthwith purchased, at the current local price, a considerable area of land, most of which it resold for as much as it could get, the new owners being subject to a tax of 6 per cent. per annum on the assessed value of their shares. The further sale of such land could only be effected through the Government, which made a conveyance or registration charge of 2 per cent. on the price, and, if the seller got more for the land than he had paid, took one-third of his profit. Moreover, if land purchased from the Government remained in the same hands for twenty-five years, it was to be subject to re-assessment, and the State might claim one-third of any increment in value. These regulations kept down the price of land, and gave the Government control over its use; while the registration of deeds of sale yielded a substantial part of the revenue of the Protectorate.

It was expected that the system just described would greatly encourage the establishment of industrial undertakings within the Protectorate, but for some years this expectation was disappointed, as Chinese capital does not move quickly, and there was at first a strong prejudice against the new-comers. As time went on, however, the demand for land increased. By 1912 none was to be bought in the vicinity of Tsingtao, and in that year 226,000 square metres of land in the Protectorate were sold, the aggregate price being 288,500 dollars. Owing to the disturbances in China,

large numbers of Chinese entered the Protectorate about this time, and the demand for building land became very great. The yield of the land-tax in 1913-14 was £10,700, and exceeded by nearly £2,300 that in the year before.

(3) FISHERIES

About two years before the war Dr. Glaue of Kiel, after making a close investigation of the subject, recommended the establishment at Tsingtao of an institute for making experiments with a view to the exploitation of deep-sea fisheries off the northern coasts of China. The initiation of a Chinese enterprise with similar objects was known to be under consideration, and the success of an English fishing company at Shanghai was held to justify confident hopes of success. Nothing, however, had come of the proposal in 1914. While it is true that a German undertaking for fishing in Chinese waters failed in 1912, the industry offers great opportunities to European capital. In 1910, for instance, Japan delivered to China fish products to the value of 6,000,000 yen (over £600,000), and in 1911 she exported to Germany fish-oil valued at £125,000. Kiaochow Bay is especially suitable for the fishing of oysters, lobsters, and eels, and with improved methods of curing fish could be sent from Tsingtao far into the interior of China. The Chinese dried-fish industry in other parts of the country has been killed by the exorbitant price of salt.

The Japanese, in whose hands is most of the fishing carried on off the coast of China, may now have included the Bay of Kiaochow in the sphere of their activities.

(4) MINERALS

The small territory leased to Germany contains no minerals, but, as was mentioned above, the Convention of 1898 gave her valuable mining rights in the province of Shantung. It was well known that abundant coal existed in four distinct localities—at Weih sien,

in the Poshan valley, at Ihsien, and at Ichowfu; and in at least one of these, the Poshan valley, coal had been worked by Chinese from time immemorial. Chinese mining methods, however, were very antiquated, and there was an almost total lack of transport facilities.

Shortly after the signing of the Convention, the Schantung Bergbaugesellschaft was formed to exploit the mineral concessions granted to the Schantung Eisenbahngesellschaft, that is, all mines within ten miles of the lines it was authorized to construct. In 1902 the mining company began to work the Fangtse pit, on the Weihsien coal-field, and in 1907 and 1908 two other pits near Weihsien, the Minna and Annie, were opened. The company set up in 1906 an installation for washing coal and in 1907 a briquette factory, as the Weihsien coal was found to be unsuitable for steamships and could be best used as briquettes. In 1908 the output of briquettes was 1,800 tons, but the industry grew little after that date. The whole Weihsien field, in fact, gave disappointing results. The beds lay low, were liable to be flooded, and were isolated into pockets by granite; by 1912, furthermore, new plant was required, for which the company lacked funds. There is no available information as to whether any new construction was attempted, but the Weihsien collieries do not appear to have been worked since 1914.

The company's enterprise near Poshan was more successful. The Poshan coal-field is a valley twenty miles long, a few hundred yards wide at the eastern end, but broadening to a width of six miles at the north-western end. A British company had worked there till 1891, and the Germans bought its machinery and used it at the Hungshan colliery, which they opened in 1906. They also started a mine at Tsechwan. The coal of the Poshan field is of better quality than that of Weihsien, being similar to Cardiff and Ruhr coal and suitable for ships' boilers, though high in ash, like all Chinese coals.

After the capture of Tsingtao in 1914 a party of

mining experts sent by Japan to the German collieries in the Poshan valley found that essential machinery had been removed and some of the mines flooded. Machinery was supplied, and the Tsechwan colliery resumed work in January 1915 'under superintendence'. In the following year its average daily output was 1,000 tons, the Shantung Railway taking 300-400 tons a day. It was thought that the production would be more than twice as great in 1916. The Hungshan colliery was also repaired, and yielded 500 tons daily in 1915; but it is expected that when its equipment is complete its annual output will amount to at least 700,000 tons.

The following table shows the output of the Weihsien and Poshan coal-fields up to the outbreak of war:

	Weihsien. Tons.	Poshan Valley. Tons.	Total. Tons.
1902-3 . . .	9,179		9,179
1903-4 . . .	50,601		50,601
1904-5 . . .	100,631		100,631
1905-6 . . .	136,990		136,990
1906-7 . . .	164,000	14,600	178,600
1907-8 . . .	149,300	40,900	190,200
1908-9 . . .	250,200	72,500	322,700
1909-10 . . .	273,355	183,450	456,805
1910-11 . . .	194,897	237,544	432,441
1911-12 . . .	205,185	283,208	488,393
1912-13 . . .			573,600
1913-14 . . .			548,600

The capital of the Schantung Bergbaugesellschaft was £600,000, which was found to be inadequate. No dividends were ever paid. A loan of £150,000 for two years was obtained in 1908 from the group of German banks which had supplied the original capital, but the necessity for further outlay on the Weihsien collieries compelled the mining company to come to terms with the railway company in 1913. By this arrangement the mining company received shares of the railway company to the value of £270,000, and the capital of the railway company was increased by £300,000.

The interest of the Schantung Eisenbahngesellschaft in the maintenance of mining operations may be gauged from the fact that in 1912 the coal carried by the railway amounted to over 310,000 tons out of a total goods traffic of 852,000 tons.

The Schantung Eisenbahngesellschaft was in 1914 inaugurating large iron-mining operations at Kinlingchen, a few miles north-east of the junction of Changtien on the Shantung Railway. The deposits of magnetic and red iron-ore were investigated by the Schantung Bergbaugesellschaft in 1903; bulk samples contained 65 per cent. of iron, 0.03 of phosphorus, and 0.08 of sulphur; and the amount of ore was estimated at 50,000,000 tons, of which 20,000,000 were well situated for cheap working. Lack of capital, however, prevented exploitation until after the amalgamation of the mining company with the railway company. It was then resolved to construct two 150-ton blast furnaces at Tsangkow in 1915, and it was confidently anticipated that the Kinlingchen iron would be the means of converting the Kiaochow Protectorate into an important industrial district. Coal was also said to exist at Kinlingchen, but in 1914 the iron-mines were being worked by Hungshan coal. They were connected by a light railway, seven miles long, with the line from Tsingtao to Tsinanfu.

The Japanese War Office sent a party of mining engineers to Kinlingchen in November 1914. Borings were made by them, and they are now working the mines.

It was undoubtedly the intention of the Schantung Bergbaugesellschaft to develop also the Ichowfu coal-field, which is recognized as the richest in Shantung. The company made borings there in 1904, but the heavy demands on its capital elsewhere and the delay in the construction of the Ichowfu Railway checked the enterprise. The Ichowfu coal is worked to some extent by Chinese, but no large output can be looked for until the means of communication in the region have been greatly improved.

Other German and Sino-German companies engaged in mineral enterprise in Shantung deserve mention:

The Deutsche Gesellschaft für Bergbau und Industrie im Auslande, founded at Berlin in 1900 and registered at Kiaochow in 1903, had five concessions: (a) south of Ichowfu, for coal and diamonds; (b) a circular zone round Yischui, for gold; (c) territory south and east of Chucheng for mica; (d) a circular zone south-west of Weihsien, for lead and coal; (e) the whole territory east of Tsimo, Pingtu, and Laichow, apparently for any minerals that might be found. It set on foot various enterprises, such as the crushing of auriferous quartz at Ninghai, gold-washing at Tangtsing, and the development of mica deposits at Chucheng and of lead deposits south-west of Weihsien; of these undertakings those at Ninghai and Chucheng appear to have been the most prosperous. The company's capital of £84,000 was, however, inadequate: it paid no dividends up to 1911, and in 1911 or 1912 it went into liquidation and sold at least one of its concessions, and perhaps all, to the Chinese Provincial Government for the sum of £44,540. No statistics of its output are available.

The Chung Hsing Coal Company was started by Chinese in 1880 to work at Tsaochwang on the Ihsien coal-field. In 1898 German capital entered the undertaking, which was subsequently styled the German-Chinese Mining Company. The total capital at the date mentioned is said to have been £167,000, and a concession was obtained for exploiting a district over thirty miles in circumference, together with the right to build a railway from Tsaochwang to Taierchwang, on the Grand Canal. The later history of the company is difficult to ascertain, but it appears that in 1908 or 1909 the shares in German hands were bought up, presumably by Chinese. On the other hand, a German loan of about £39,000 had been contracted for rolling stock, and machinery had been obtained from Germany. In 1912 the company's output was 120,000 tons, and 500 men were employed. By that year the mines had

been connected by rail with the newly-constructed Tientsin-Pukow line, and the light railway to the Grand Canal had also been finished. In 1913 a German engineer discovered an important new seam on the company's property, containing both coal and iron of good quality. The company has been 'under foreign supervision' since 1914. Its output in 1916 was very good.

In the Poshan valley, besides the German collieries, there are mines owned by Chinese, which are said to have produced 250,000 tons of coal in 1910.

(5) MANUFACTURES

Before the war the most ambitious manufacturing enterprise within the leased area was the Deutsche-Chinesische Seiden-Industrie Gesellschaft, registered at Tsingtao in 1906 with a capital of £100,000, which erected a silk factory at Tsangkow. Its special purpose was the making of Tussore silk, obtained from silkworms reared on oak-leaves. It had space for 200,000,000 cocoons, and an installation of 130 machines. Political troubles interfered with its success; it had to close down temporarily in 1911, and up to 1912 it paid no dividends. Information as to its present position is lacking.

In 1908 a German-owned factory for cotton-spinning and cloth-weaving, with modern installation, was opened at Chi-mo-hsien, near Tsingtao.

There were also in the Protectorate two alumen factories, Karl Ebers' and the Columbia, with a capital of £5,000; a large brickworks belonging to H. Diederichsen & Co.; two breweries, the 'Germania', a branch of the Anglo-German Brewery Co. of Hong Kong, and the 'Gomoll'; a factory for aerated waters; and a soap factory.

In 1914 various new projects were under consideration, foremost among which was the scheme for iron-smelting works (cf. p. 26). Others concerned flour-mills, oil presses, and silk-worm rearing. A consider-

able number of small undertakings with German capital had failed, in spite of cheap labour and plentiful coal.

In the last years of German rule there was a considerable development of Chinese industry in the Protectorate. There had for some time been Chinese cotton-mills in Tsingtao, and new plans were being made for the erection of timber-works, corn-mills, slate-works, and cement-works. Basket-making is a domestic industry at Litsun.

The manufactures of Shantung which find an outlet at Tsingtao are dealt with under 'Exports'.

(C) COMMERCE

(1) DOMESTIC

(a) *Principal Branches of Trade*

Internal trade in the Protectorate is limited to fruit and fuel. The valley of the Paisha-ho and the slopes of the Tungliu-shui and Lao-shan Hills grow fruit for Tsingtao and the other towns and villages, and in the Lao-shan Hills a brisk charcoal and wood industry is carried on for the supply of fuel throughout the Protectorate. Litsun and Hsientchiachai are the markets for the distribution of fruit and fuel.

(b) *Towns*

The only important town is Tsingtao, which lies on the peninsula to the east of the entrance to Kiaohow Bay. The name Tsingtao means 'green island', and was originally limited to Arcona Island, which lies to the south of the town. The port of Tsingtao has been described above; the town itself stretches across the peninsula from the Great Harbour to the shores of Tsingtao Bay, while on the east it is bounded by a range of hills, on the slopes of which stand the Government House and the Signal Station.

The southern part of the town is the European quarter. Here the streets are broad and well-kept,

and the houses, built after the European fashion, are large and handsome. The Chinese population lives in the northern part.

(c) *Organizations to promote Trade and Commerce*

At Tsingtao there were two Chambers of Commerce, one German and the other Chinese. The German Chamber of Commerce was very active, and besides performing the usual functions of such a body, showed a lively and fruitful concern for the interests of native workmen. The Chinese Chamber of Commerce was founded for the express purpose of establishing friendly relations with other Chinese Chambers of Commerce, especially those of Chefoo and Tsinanfu. The Chefoo merchants had boycotted Tsingtao when it began to threaten the interests of their town, and the new Chamber of Commerce at Tsingtao was expressly forbidden to retaliate. Only Chinese merchants actually resident in German territory were eligible for admission.

Of very great importance are the Chinese Trade Guilds. They possess absolute power over their members, not through charter or delegation, but by reason of the Chinaman's innate faculty for combination. The Trade Guilds can seriously affect China's relations with foreign countries; for example, they can either completely or partially exclude any foreign article from the markets of the country, and the central Government, even if it wished to do so, would scarcely be able to interfere. Indeed, the Trade Guilds enabled China to boycott Japan and the United States. They regulate the relations of masters and men, arbitrate between their members, thus greatly diminishing litigation, and facilitate trade by securing the general adoption of their rules for the conduct of business. The Trade Guilds must be distinguished from the so-called Local Guilds, which are associations for the mutual support of persons belonging to the same district who have migrated to another part of China.

Mention may be made here of an ancient and important feature of commerce in the Far East—namely, the employment of *compradores* by Chinese firms. The *comprador* is an English-speaking native, who buys and sells for Chinese firms, receiving 1 per cent. commission on the business done. The *compradores* are numerous, and form a strong barrier, so to speak, between the Chinese importer and the foreign supplier. Foreign commercial travellers find them a great hindrance, and in 1913 it was recognized that the many new German buyers sent to purchase groundnuts, sesame, and cotton direct from the interior of North China would find it difficult to overcome their opposition.

(d) *Foreign Interests*

In the territories affected by the Convention of 1898 between Germany and China, the subjects of other States naturally found few openings for industrial or commercial enterprise. Before 1914, the chief foreign countries concerned in the commerce of Tsingtao were Great Britain, the United States, and Japan. Great Britain is particularly interested in the supply of Manchester goods and petroleum to the districts served by Tsingtao, and British trade in these parts is fostered by branches and travellers of firms with head-quarters in Hongkong and Shanghai. The maintenance of an 'open-door' policy is essential to its success.

It is well to remember that before the war there were in the Far East many companies registered as British, but in reality German. This was due to the clause in the company law of the German Empire forbidding the issue of shares of less than 1,000 marks. This prohibition, indeed, was abrogated in 1911, but until then there was not a single joint-stock company registered as German in all eastern Asia. The Chinese regard all such concerns with suspicion, and will never risk much money in them; hence, before 1911, if a company of this kind was formed with German capital for operations in the Far East, it was always

registered at Hongkong as British, so that it might issue small shares.

Like Britain, the United States supplied much of the petroleum imported at Tsingtao, which was an important centre of the activities of the Standard Oil Company.

In virtue of her treaty of 1915 with China, Japan now regards herself as the natural heir to Germany's economic rights in the Kiaochow Protectorate and Shantung; and if she is allowed a free hand will doubtless adopt vigorous measures to promote and safeguard her industrial and commercial interests. It is significant that when in 1916 the Siems-Carey Company, a combination of American interests, obtained a contract for the dredging of the Grand Canal, Japan protested on the ground that Germany's rights under the Kiaochow Convention had devolved upon her, and so far carried her point that the company allowed Japanese capital to participate in the undertaking.

(2) FOREIGN

(a) Exports

Quantities and Values.—The German Protectorate had little foreign commerce in the strict sense of the term, and up to now the prosperity of Tsingtao has depended almost entirely on transit trade to and from the province of Shantung. This traffic is of great volume and value.

Among the most important of the commodities shipped at Tsingtao are ground-nuts and ground-nut oil. The shelled nuts exported were valued at £8,300 in the year 1906-7,¹ at £409,450 in 1909-10, and at £569,100 in 1912-13. The value of the export trade in unshelled nuts has varied very much; in 1910-11 it was £32,800, but in 1912-13 only £15,450. The quantity of the ground-nut oil sent abroad has likewise fluctuated greatly. It was valued at £150,650 in

¹ The financial year of the German Administration ran from October 1 to September 30.

1906-7, and at £174,750 in 1909-10, but the figures for the intervening years were much larger. In 1912-13 the value of the oil exported was estimated at £359,350, and the acreage under ground-nuts and the number of oil-presses in Shantung were said to be rapidly increasing.

Bean oil from the soya bean has recently become one of the most considerable exports from the ports of the Far East. The harvest is very variable, and the consequent fluctuations in the trade are well illustrated by the following figures for Tsingtao:

	£
1906-7	131,600
1909-10	80,900
1912-13	137,800

The manufacture of straw braid is an important home industry in Shantung, and was much fostered by the Germans. The export reached its highest point in 1911-12, being valued that year at £1,669,900. The variations of the trade are shown by the following figures:

	£
1906-7	520,800
1909-10	1,040,200
1912-13	879,500

The silk trade was making considerable strides. The qualities were differentiated as yellow silk, pongee silk, and silk waste. Statistics relating to each of these classes are given in the following table:

	1906-7.	1909-10.	1912-13.
	£	£	£
Yellow silk	244,050	206,100	375,350
Pongee silk	103,500	263,100	400,450
Silk waste	103,050	19,350	53,100
Total	450,600	488,550	828,900

Raw cotton was first exported from Tsingtao in 1910-11, when the amount shipped was valued at £172,700. In 1912-13 the value was £280,600.

Under German rule a lucrative trade in cattle and

meat grew up, rising in value from £16,900 in 1909-10 to £133,550 in 1912-13. Live cattle were exported in summer and frozen meat was sent abroad in winter.

In the decade before the war, cowhides were being exported from Tsingtao in increasing quantities, as is shown by the following figures :

	£
1906-7	50,900
1909-10	66,300
1912-13	158,450

There was an export of goatskins, which was of an average annual value of about £13,000 between 1906 and 1913, the maximum, £37,500, being reached in 1911-12. Dogskins were also sent abroad, but this trade was of small note.

Yolks and whites of eggs for industrial purposes began to figure in the list of exports in 1909-10, with a value of £8,050, and rapidly became of importance, being valued at £87,050 in 1912-13.

Shantung coal, first exported in 1909-10, was shipped in growing quantities in the succeeding years. The value of the coal exported from Tsingtao in 1909-10 was £71,000, and the figures for the next three years were respectively £70,500, £128,650, and £129,650. These statistics leave out of account the bunker coal taken by vessels calling.

Other commodities exported through Tsingtao are black dates, walnuts, fresh and dried eggs, melon seeds, macaroni, tallow, bristles, salt, and glassware. The trade in each of these, though of no great moment, was, on the whole, expanding during the period 1906-13.

The figures for the total exports of Tsingtao from 1906-13 are as follows :

	£
1906-7	1,711,250
1907-8	1,629,850
1908-9	2,367,200
1909-10	2,736,600
1910-11	3,028,050
1911-12	4,019,750
1912-13	3,982,000

Countries of Destination.—It is somewhat difficult to ascertain the final destination of goods shipped from a port like Tsingtao, with a transit trade, and served largely by vessels engaged in coastwise traffic. Only a small fraction of the exports—valued in 1912-13 at £43,000—was sent direct to Germany, the yolks and whites of eggs being the sole items of much consequence. In recent years European countries have been taking increasing quantities of soya beans and bean oil. Silk was sent to Hongkong and thence dispatched to Europe and elsewhere. Cattle were sent exclusively to Manchuria. The exported coal went to various neighbouring ports, and down the coast as far as Hongkong.

(b) Imports

Quantities and Values.—In the official German returns of the import trade of Tsingtao a distinction is made between goods of Chinese origin and those from elsewhere. Those of the former class are marked (Ch.) in the tables given below.

The most important article brought into Tsingtao is cotton, which, in its various forms, accounted for over half the value of the imports just previous to the war. The following table gives statistics of the different branches of this trade :

	1906-7.	1909-10.	1912-13.
	£	£	£
Cotton-piece goods	801,500	578,300	1,187,600
Cotton yarn	914,800	708,550	1,189,650
(Ch.) Shanghai cotton yarn	197,350	188,800	268,400
Raw cotton	94,050	18,700	32,650
(Ch.) Miscellaneous cotton goods	3,250	6,100	8,900
Total cotton goods	2,010,950	1,500,450	2,687,200

Paper, which stands next in value among the imports, was all of Chinese origin in the days of German rule. The imports of paper were valued at £523,150 in 1906-7, £411,700 in 1909-10, and £472,000 in 1912-13.

There was a large and increasing trade in petroleum.

In 1906-7 it was imported to a value of £173,900. In 1909-10 the value fell to £134,450, but apart from this year the trade grew consistently from 1906 to 1913. In 1912-13 it was valued at £269,650.

The importation of sugar had a similar record, as is shown by the following figures: 1906-7, £155,100; 1909-10, £110,700; 1912-13, £229,300.

Aniline dyes and colours held a conspicuous place in the list of imports. This branch of trade rose in value from £29,200 in 1906-7 to £129,100 three years later, and £240,100 in 1912-13.

The trade in metals and metal goods was marked by great fluctuations between 1902 and 1913. In 1906-7 the value of these imports was £247,300, a figure never again reached. In 1912-13 the trade had recovered somewhat from a period of severe depression, and imports to the value of £187,100 were recorded.

Matches were imported in steadily growing quantities; their value in 1906-7 amounted to £86,850, in 1909-10 to £124,250, and in 1912-13 to £228,850.

The trade in cigarettes was developing. Originally those imported were all of Chinese manufacture, but other countries began to send supplies during the three years previous to the war. In 1906-7 the cigarettes imported were valued at £14,700, and in 1909-10 at £24,000. In 1912-13 the value rose to £180,050, of which £56,150 was accounted for by imports from sources outside China.

In addition to the goods mentioned, Tsingtao imported preserved foods, soya beans, ramie (raw and manufactured), olive oil, paper fans, shoes, wooden goods, porcelain, cement, and needles. With the exception of the last two, all these were of Chinese origin.

Plant for railways and mines was imported in 1911-12 to the value of £236,300, and in 1912-13 to the value of £691,500. None had been imported for some years before this time.

The total value of the imports into Tsingtao between 1906 and 1913 is given below:

	Of Chinese Origin. £	From other Countries. £	Total. £
1906-7	1,040,550	3,078,150	4,118,700
1907-8	870,750	1,898,250	2,769,000
1908-9	1,173,050	2,279,000	3,452,050
1909-10	853,400	2,419,800	3,273,200
1910-11	788,100	2,680,650	3,468,750
1911-12	2,394,000	3,352,900	5,746,900
1912-13	1,621,950	4,440,750	6,062,700

Countries of Origin.—The principal source of the goods discharged at Tsingtao is China itself, and thus a great part of the import trade is essentially of the nature of domestic commerce. Before the war the cotton-piece goods and cotton yarns imported through Tsingtao were largely of British origin. Metal goods and aniline dyes and colours came from Germany. Matches were of Scandinavian origin, but were shipped from Germany. Sugar was supplied from various sources, of which Java was the most important. Petroleum came from the Dutch East Indies, Borneo, and the United States.

(c) Customs and Tariffs

At first the German Protectorate was entirely excluded from the sphere of the Chinese Maritime Customs, but in 1906 a new arrangement came into force, whereby goods passing beyond the Free Zone (which was at the same time reduced to very small dimensions) paid duty according to the ordinary Chinese tariff. The Customs Commissioner at Tsingtao and the more important of his assistants were to be Germans, but were to be regarded as members of the Chinese Customs Service. It was further agreed that 20 per cent. of the customs duties collected in the Protectorate should be paid to Germany. The object of the Germans in accepting this arrangement was to facilitate trade between the Protectorate and the interior.

(d) Commercial Treaties

The political aspects of the Kiaochow Convention have been treated in Part II of this Handbook, and the railway and mining concessions embodied in the agreement have been described above. The only clause calling for notice here is the following: 'If at any time the Chinese shall form schemes for the development of Shantung, for the execution of which it is necessary to obtain foreign capital, the Chinese Government or whatever Chinese may be interested shall in the first instance apply to German capitalists. Application shall also be made to German manufacturers for the necessary machinery and materials before the manufacturers of any other Power are applied to. Should German capitalists or manufacturers decline to take up the business, the Chinese shall be at liberty to obtain money and materials from sources of other nationality than German.'

The treaty concluded between China and Japan in 1915 regarding Germany's rights and claims in the Protectorate and the province of Shantung is summarized in Part II.

(D) FINANCE*(1) Public Finance*

The revenue derived from the Protectorate by the Germans was always utterly inadequate to defray the expenses of administration, and had to be supplemented by an annual subsidy, which varied between £400,000 and £700,000. The budget for Kiaochow was little discussed in the German Reichstag, and there is no doubt that money not accounted for in the usual manner was spent on defences.

The revenue and expenditure in 1901 were as follows:

<i>Revenue.</i>		<i>Expenditure.</i>	
	£		£
Land sales . . .	5,000	Ordinary . . .	219,181
Direct taxes . . .	2,500	Extraordinary . .	333,319
Indirect taxes . .	7,500		
State subsidy . . .	537,500		
Total . . .	552,500		552,500

For several subsequent years the budgets showed no new features. The returns from sales of land and taxation increased but slightly, and in 1905 the subsidy amounted to £733,000, its highest figure.

In 1906 the new arrangement with the Chinese Government regarding the customs (see p. 37) led to an increase in the sums derived from indirect taxes. The annual statement for that year was as follows:

<i>Revenue</i>		<i>Expenditure.</i>	
	£		£
Land sales . . .	3,000	Ordinary . . .	338,263
Direct taxes . . .	5,000	Extraordinary . .	371,637
Indirect taxes . .	31,900		
Share of Chinese Maritime Customs	12,500		
State subsidy . . .	657,500		
Total . . .	709,900		709,900

Subsequently the receipts from local sources tended to increase and the amount of the subsidy to decrease. A new item on the revenue side appeared in 1908-9, namely the profits from the ship-repairing yard and dry dock, which amounted in that year to £71,950. In 1909-10 some £228,250 was drawn from the Protectorate, and the subsidy was reduced to £406,500. In 1912-13 the revenue raised locally reached the sum of £368,500 and approached the subsidy, which amounted to £475,400, more nearly than it had ever done before; while in 1913-14 it exceeded the subsidy for the first time, the figures being £471,150 and £449,950 respectively.

The direct taxes levied by the Germans were on landed property and its transfer.

Indirect taxation consisted mainly of fees for licences to deal in opium, gunpowder, or petroleum, and to carry on various industries. The port dues were also included under this head in the yearly financial statements. None of these taxes was heavy, as the German policy was to encourage Chinese to live in the territory and to make the port attractive to vessels.

(2) *Currency*

Within the Protectorate the German currency of marks and pfennigs was in use. German paper money issued by the Deutsch-Asiatische Bank was also in use.

For the Shantung trade, the Chinese currency was employed. Currency reform, and the adoption of a national system instead of the local systems now in vogue, have long been promised, but they are retarded by the provincial authorities, to whom the manipulation of the local currency is often profitable, and by the banks, which benefit by variations in exchange. The Chinese currency consists, in the first place, of the tael, which is not a coin but a weight. There are many sorts of taels, and the banks always make a charge for changing one sort into another. Next in importance is the dollar, which is a coin, but is nowhere legal tender. The value of the silver dollar is not fixed in terms of taels of silver, but varies from day to day according to demand and supply. There are also subsidiary silver coins representing fractions of the dollar, but subject to a varying rate of exchange, so that the dollar may be worth 110 cents in small coin one year and only 95 cents the year after. Finally, there are copper 'cash', the currency of the people. These are strung in rolls of 100, of which 10 go to the tiao, or string of 1,000 cash. The money-changers charge for their trouble in stringing the coins and for the cost of the string by deducting a certain number of cash from each hundred. The rate of deduction is fixed locally, so that the tiao, nominally 1,000 cash, may contain in one place 970 and in another 980 actual coins. The number of coins in the tiao also varies from district to district according to the size and purity of the cash in circulation; the better the quality of the cash, the fewer go to the tiao.

Thus not one of the units of the Chinese currency has a fixed value, whether in relation to other units or to external standard. Lists showing the current rates of exchange are issued daily by the banks in the

chief commercial centres. These lists frequently differ from one another, according as the several banks are well or indifferently provided with any particular type of currency. It is obvious that this uncertainty as to the value of money must be a serious obstacle to the extension of trade.

(3) *Banking*

Before the war the European banks in Tsingtao were the Deutsch-Asiatische Bank, the Russo-Asiatic Bank, and the Hongkong and Shanghai Banking Corporation—a British concern. Of these the German bank was much the most important. In 1907 it obtained from the German Government the privilege of issuing its own notes of 1, 5, 10, and 20 taels, for which it paid to the Government 10 per cent. of the average value of its issue each year. It also opened a new branch, called the Hypotheken-Bank, for the purpose of lending money on mortgage: loans were to be granted only on lands and buildings in the Protectorate or within the German Consular areas in China, and the bank was to pay to the Treasury 25 per cent. on the average yearly value of these mortgages.

The official Chinese bank of Shantung, the Kuan Yin Hau, had in Tsingtao a branch which was at first managed by the Kieuschun Bank, but subsequently was made independent.

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MAPS

A map of the Province of Shantung, on the scale of 1:1,000,000 (G.S.G.S., No. 1936), has been published by the War Office (1905).

WEIHAIWEI

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I. GEOGRAPHY PHYSICAL AND POLITICAL

(1) POSITION AND FRONTIERS

THE territory of Weihaiwei was leased to Great Britain by China by the terms of a convention dated July 1, 1898, 'in order to provide Great Britain with a suitable naval harbour in North China, and for the better protection of British commerce in the neighbouring seas... for as long a period as Port Arthur shall remain in the occupation of Russia'.

The leased territory is situated on the north coast of the Chinese province of Shantung, and lies approximately between $37^{\circ} 17'$ and $37^{\circ} 15'$ north latitude and $121^{\circ} 56'$ and $122^{\circ} 26'$ east longitude. It is bounded on the north by the Yellow Sea. The territory comprises the island of Liu-kung-tao, all the islands in the Bay of Weihaiwei, and a belt of land 10 English miles wide along the entire coast-line of the bay. The total area of these regions is about 285 square miles.

In addition to the leased territory proper, there is a British zone of influence, lying east of the meridian $121^{\circ} 40'$, which covers an area of 1,650 square miles. This zone is bounded on the west by a line drawn south from a point on the coast 15 miles east of Chefoo, and embraces the remainder of the eastern promontory of Shantung.

(2) SURFACE, COAST, AND RIVERS

Surface

The surface of the territory consists of abrupt ranges of rugged hills, rising to a height of 1,600 ft., of which the chief are the Fitzgerald, Seymour, and Macdonald Hills. The valleys are well cultivated, and are watered by streams which are dry during the greater part of

the year. All the hills are terraced for cultivation as far as possible, but their general appearance is barren.

Coast

The coast-line has a length of 72 miles. Starting from the shallow Western Inlet the coast is low and sandy as far as the base of Long Point, from which extends a series of rocky headlands separated by small bays, offering no favourable landing-places. On the east of Long Point is Weihaiwei Bay, about 5 miles in width, which is protected by the island of Liu-kung-tao. Eastwards from the south-eastern end of the bay the coast falls away to the flat sandy levels around the shallow Chao-yang Lagoon, where the leased territory ends.

The remaining coast-line (i. e. of the zone of influence) is a succession of bold headlands and deeply indented bays, few of which, however, afford good landing-places.

Rivers

There are no rivers or lakes of any importance, but numerous streams thread the valleys in every direction, spreading out into marshes and pools during the rainy season. The water-supply on the mainland is abundant, but Liu-kung-tao has to rely on wells and a distilling apparatus.

(3) CLIMATE

The climate of Weihaiwei is good, the summer heat never being excessive and the winter being cold, dry, bracing, and exhilarating. The mean temperature for a period of 10 years was 76.5° F. (24.7° C.) for August, the hottest month, and 30° F. (-1° C.) for February, the coldest month. The average yearly rainfall from 1900 to 1916 was 29.43 inches. The usual rainy season is from June to September inclusive. The prevailing winds are more or less north-west from November to April, due south from July to September, and north-north-west in September.

(4) SANITARY CONDITIONS

The climate of Weihaiwei is exceptionally healthy. The diseases which usually prevail in northern China appear from time to time among the Chinese inhabitants, and also various complaints due to the uncleanly habits of the people, but ordinary precautions should be sufficient to protect foreign residents.

Since the British occupation the cases of cholera in Weihaiwei have been very few, while dysentery and diarrhoea are of a mild type. The most unhealthy months are from June to September.

The sanitary conditions of the town of Weihaiwei and the neighbouring villages are bad; but those of Port Edward and the settlements on the island of Liu-kung-tao are quite satisfactory.

(5) RACE AND LANGUAGE

The natives are typical Chinese, and their language is the Shantung dialect. They are on the whole very uneducated, though most of the villages have locally-maintained schools. English as well as Chinese is taught in a school on Liu-kung-tao, and a few of the natives are educated in the Anglo-Chinese school at Port Edward.

(6) POPULATION

The census of 1911 showed that the total population was 147,177, of whom 215 were Europeans. There is no register of births and deaths, but it was estimated that at the time of the census there were 998 children 56 days old or under. The density of population is 510 to the square mile.

The dependency includes about 330 villages and towns. The town of Weihaiwei, which is under Chinese jurisdiction, is of the usual type of walled city. Its population is about 4,600, mainly consisting of the poorer classes.

The most important town is Ma-tou, or Port Edward, a port about 1½ miles to the north of Weihaiwei.

Under British control it has become a thriving and sanitary place. It is the seat of government, and has a good junk anchorage and a pier. The population (about 4,000) resides on the island of Liu-kung-tao, where there are two villages. This island is Government property and no cultivation is permitted. About 20 miles south of Weihaiwei is the district town of Wenteng.

II. POLITICAL HISTORY

[This section is intended to be read in conjunction with *China*, No. 67 of this series.]

WEIHAIWEI was one of the naval bases of the Northern Fleet (Pei-yang) of China before the Chino-Japanese War, and the islands forming the sea bulwark of the bay had been fortified under German auspices in the modern fashion. In the winter of 1894-5 it was captured by the Japanese, who continued to occupy it under Article VIII of the Treaty of Shimonoseki as a guarantee for the faithful performance of the Treaty stipulations. To counterbalance the action of Russia in exacting the lease of Port Arthur from the Chinese, Great Britain in 1898 demanded the reversionary lease of Weihaiwei after Japan should have relinquished possession.

By a convention of July 1, 1898, China leased Weihaiwei and the adjacent waters to Great Britain 'for so long a period as Port Arthur shall remain in the occupation of Russia'. The territory involved comprises the island of Liu-kung-tao and all the islands in the Bay of Weihaiwei, and a belt of land 10 English miles wide along the coast-line of the bay. Within the leased territory Great Britain has sole jurisdiction (except as regards the town of Weihaiwei), and outside it acquired the right to erect fortifications, station troops, or take any other defensive measures at any

points on or near the coast of the region east of $120^{\circ} 40'$ east longitude, and also to acquire sites for water-supply, communications, and hospitals. Within this exterior zone Chinese administration continued, but no troops other than British or Chinese were allowed to enter. Inside the walled town of Weihaiwei the jurisdiction of Chinese officials continued, 'except so far as may be inconsistent with naval and military requirements for the defence of the territory leased'. Chinese vessels of war, 'whether neutral or otherwise, shall retain the right to use the waters leased'.

It is a remarkable fact that, during the twenty years of the British Administration, there has been no serious friction or difference of opinion between the Government of Weihaiwei and the Chinese provincial authorities of Shantung, although the occasions for disputes were numerous. While this says much for the tact and good sense of the Chinese officials concerned, it is also apparent that the character of the British rule must be such as appeals generally to the Chinese sense of justice.

III. ECONOMIC CONDITIONS

(A) MEANS OF COMMUNICATION

(1) INTERNAL

(a) Roads

PORT EDWARD, the seat of government, and the town of Weihaiwei are connected by roads with the five market towns, Yangting, Fenglin, Chiaotow, Tsao-miao, and Kushanhow, and with the principal villages. A road runs on from Yangting across the western boundary to Chefoo, 56 miles from Weihaiwei. Since the occupation of the territory, most of the expenditure on public works has been devoted to roadmaking, which went forward energetically during the first few years but has since remained stationary, repairs only having been undertaken. Mr. R. F. Johnston¹ points out that the owners of arable land do not ask for compensation when roads are made across their property. They are content with the increased price of agricultural produce, and the consequent rise in the value of land, resulting from the improvement of communications. They have even taken to road-making at their own initiative and expense. They have also petitioned the Government of Weihaiwei to urge the Governor of the Chinese province of Shantung to extend the Weihaiwei road system into Chinese territory, so as to allow of cart traffic between Weihaiwei and the Chinese district cities of Jungcheng, Wenteng, and Ninghai.

(b) Rivers

There are no rivers of any size in the territory, mainly because the rainfall is so scanty.

¹ *Lion and Dragon in Northern China*, p. 94.

(c) Railways

There are no railways in Weihaiwei. Lord Salisbury as Foreign Minister wrote a dispatch to Sir Frank Lascelles, the British Ambassador in Berlin, dated April 2, 1898, in explanation of Great Britain's action in occupying Weihaiwei, 'since it is not possible to make Weihaiwei a commercial port, and it would never be worth while to connect it with the interior by railway. . . . If desired, a formal undertaking on this point will be given.' It does not appear, however, that any such undertaking has been given.

(d) Posts, Telegraphs, and Telephones

The British Government carried on an overland courier service with Chefoo. During the war this was taken over temporarily by the Chinese postal authorities.

The Eastern Telegraph Company has a cable connecting Weihaiwei with Chefoo, and receives an annual subsidy of £4,000 for maintaining the service.

Telephone systems are installed on the island of Liu-kung-tao and in Port Edward.

(2) EXTERNAL

(a) Ports

Accommodation.—The harbour of Weihaiwei is formed by a semicircular bay facing east, its northern and southern points being $1\frac{1}{4}$ miles apart. The harbour is ice-free throughout the year, and the island of Liu-kung-tao shelters the bay and makes it possible to enter either from north-east or south-west in all weathers. The western entrance is about three-quarters of a mile wide and is always used by vessels of over 18 ft. draught. The eastern entrance is two miles wide, and is navigable by vessels of 18 ft. draught. There is good anchorage off the south-west corner of the island in 45 ft. of water, but towards the mainland the water

shoals rapidly. All cargo work has hitherto had to be done by means of lighters or other small vessels which can be beached. In 1916, however, the Wu Kou pier for junks was begun. Its estimated cost was 40,000 dollars, and it was expected to be completed by 1918. In the north of the bay is Weigal cove, with a landing-pier for boats; and south of this is Narcissus Bay (general depth 18 ft.) in which is Port Edward, with a landing-pier for steamers and a stone pier near Flagstaff Point. The naval station is on the island of Liu-kung-tao, but trade and shipping business are concentrated at Port Edward.

Nature and Volume of Trade.—In the decade from 1904 to 1914 the number of steamers visiting Weihaiwei rose from 315 to 672, and the tonnage from 317,595 to 631,578. In 1914 2,351 junks entered and cleared from the port. Returns of the nationality of steamers in 1914 are not available, but the figures for 1915 were 433 British, 139 Chinese, and 85 Japanese, out of a total of 668.

Adequacy to Economic Needs.—The absence of railway connexion with the hinterland and of facilities for repairing ships and for loading and unloading cargo, together with the situation of Weihaiwei between Chefoo and Tsingtao, make it unlikely that the trade of the port will develop to any great extent. The blockade of Tsingtao in 1914 resulted in several of the coast towns turning to Weihaiwei for their supplies of kerosene oil, matches, and cotton yarn, but this was of course merely temporary. The trade of the port, however, has already prospered and the revenue has advanced more than could have been expected.

(b) Shipping Lines

In 1902 a contract was made with the *Indo-China Steam Navigation Company*, by which, in consideration of a Government subsidy amounting to £1,000 per annum, their vessels call at Weihaiwei instead of Chefoo on the voyage between Shanghai and Tientsin.

British steamship companies provide tonnage

between Weihaiwei and Hongkong at low rates. The British firm of Butterfield & Swire have inaugurated a system by which shippers obtain a deferred rebate if they confine their future custom to certain specified British lines.

(B) INDUSTRY

(1) LABOUR

The supply of labour is sufficient, and the conditions are satisfactory.

There is normally a certain amount of temporary emigration to Manchuria and South Africa, whence the workers return with large earnings. There is also some permanent emigration of the smaller land-holders to Chihli and Manchuria. There is no immigration.

(2) AGRICULTURE

(a) Products of Commercial Value

Cereals.—Wheat, millet, maize, barley, and buckwheat are grown almost entirely for local consumption.

Fruits.—Apples, apricots, and other fruits flourish, and it is believed that fruit-farming could be made profitable.

Ground-nuts are the principal product of economic value. The oil obtained from them is in demand in Europe for the manufacture of margarine and olive oil, and also for soap-making and lighting and lubricating purposes. The residual cake is used for cattle-food and for manure. The following table shows the quantities of ground-nuts and oil exported from 1912 to 1916 (figures for values are not available):

	1912.	1913.	1914.	1915.	1916.
	Piculs. ¹	Piculs.	Piculs.	Piculs.	Piculs.
Unshelled nuts	3,780	5,947	4,724	10,214	2,890
Kernels . . .	123,223	176,036	187,793	247,372	173,934
Oil	33,298	25,519	10,788	26,666	13,067

¹ 1 picul was recognized by treaty as equivalent to 133½ lb.

The striking increase in 1915 was due to the fact that ground-nuts which usually go to Tsingtao arrived at Weihaiwei. A larger percentage of oil can be obtained in Europe when the kernels alone are exported than when the shelling has to be done after arrival. A further advantage in shipping kernels or oil rather than whole nuts is the saving in freight.

Silk.—Silk-worms feed on the oak scrub common on the Weihaiwei hills, and thorn-fed silk-worms, which produce silk of better quality, are reared at Lai Tang, Ching Chu, and Chowtsun. The raw silk is exported to spinners at Chefoo. Mulberries might with advantage be grown.

Tobacco.—An experimental tobacco farm was started in 1913 by the British-American Tobacco Company at Menchiachuang, 20 miles from Port Edward. Leaf of a good quality has been produced, but not in sufficient quantity for a large export.

(b) *Methods of Cultivation*

The Chinese method of cultivation is intensive, as much care being lavished on each individual plant as an English gardener would expend upon a plant destined for exhibition. The Chinaman is moreover a past master in the application of all kinds of manure. Little irrigation is possible, on account of the want of water.

(c) *Forestry*

The bare and treeless appearance which Weihaiwei presents from the sea has caused it to be described as 'a colder Aden'. Where trees are to be seen, they are generally yews or cypresses round the family graveyards, the natives in their search for fuel being accustomed to scrape the ground bare even of grass.

Reafforestation has been begun on a large scale by the British Government, especially on the island of Liu-kung-tao. On the mainland it is not easy to obtain ground for afforestation, as the natives use it for scrub

oaks. An expert was brought from Hongkong, and under his superintendence a number of firs, yews, acacias, willows, and Lombardy poplars have been planted, but caterpillars and other pests have wrought much havoc. Shade trees are badly needed to protect the soil.

(d) *Land Tenure*

Weihaiwei is a land of peasant proprietors, but the proprietorship is vested in the family or clan rather than in the individual. Each family in the group constituting the village has rights over a common tract of pasture land. No individual can sell his land, unless the deed of sale bears the consent of all the other members of the clan. To this system is due the absence of pauperism and the orderliness of the population, since nearly every one has a stake in the land, and nothing to gain from revolution. Absolute sales of land have been growing more common in Weihaiwei as the inhabitants have begun to feel more desire and to find more opportunities for careers other than agricultural. Government deed forms are distributed to sellers and purchasers of land by the district headman, and these deeds have no legal validity till they are registered. The price of land in 1912 was £17 an acre, less than half what it was a few years ago.

(3) FISHERIES

The fisheries are productive, and salt fish is an article of export. No recent figures are available, but there is a fairly large trade in salt fish carried on by junks between Weihaiwei and southern China. Shark fishing was initiated by the Japanese in 1908, from June to August; it was said to be profitable, but has not developed.

(4) MINERALS

Gold is found in alluvial deposits and also in the disintegrated pyritic quartz known as honeycomb quartz, which is fairly common in the territory of

Weihaiwei. Gold-mining is carried on near the villages of Peihukow, Kushanhow, and Pitsu, in the sands of the Fungfou River.

The Weihaiwei Gold Mining Company was formed in 1902, on a favourable report by experts; the company was reconstructed later, but has now ceased working. In 1905 it employed 400 men. The Commissioner of Weihaiwei wished that gold-mining should be carried on more extensively, in combination with similar operations in the British sphere of influence east of 121° 40' east longitude, and proposed that he should draw up regulations for its conduct in conjunction with the Chinese Governor of Shantung. The Germans opposed this on the ground of a previous concession to them of the sole mining rights within a radius of 250 li (1 mile = about 2½ li) from Chefoo. The preposterous nature of this claim will be realized when it is remembered that Weihaiwei itself is only 140 li distant from Chefoo.

A letter to the *Irish Times* in December 1900, quoted by Mr. C. E. Bruce-Mitford,¹ says: 'a more liberal delimitation, say 15 miles farther inland, would have placed the Government in possession of what is likely to be one of the most prolific and easiest worked coal mines in Asia. All over Weihaiwei iron is to be found in great abundance. Nickel is apparently in lesser quantities, but copper and tin are very plentiful. Altogether the mining prospects of the country are inviting.' Little, it seems, has been done to investigate any of these prospects more fully. Thirty-four prospecting licences were granted in 1903, 39 in 1904, and 14 in 1905, but since then none have been issued.

Sulphur springs are common.

(5) MANUFACTURES

Little in the way of manufacture exists. There has lately been started a mill for expressing oil from

¹ *The Territory of Weihaiwei*, p. 49.

imported soya beans, and the undertaking is said to have made large profits. Silk manufacture is carried on in a primitive way. Before the war an attempt was made to start an industry in weaving hair-nets from hair imported from Germany. The trade in these nets was reported to be growing in 1914, but lack of raw material has suspended the enterprise.

(C) COMMERCE

(1) DOMESTIC

Fairs are held at most of the market centres, and also at Tanghohsi near Wenchuantang, the head-quarters of the southern division of Weihaiwei, and at Peikou near the southern Chinese border.

(2) FOREIGN

(a) Exports

It is impossible to give statistics for the export trade as a whole. There is no Statistical Department, and as Weihaiwei is a free port no Customs returns are available. The Commissioner in his report for 1913 pointed out that the fact that many new buildings had been erected during the year seemed to indicate that the Chinese merchants were prospering and were expecting further expansion of their trade. The report for 1915 stated that 479,458 packages had been exported by steamer. The chief exports are ground-nuts, raw silk, salt, salt fish, and eggs. Figures for the ground-nut export have been given above (p. 55).

(b) Imports

Few general figures are available for the import trade. In 1915 there were in all 177,164 packages imported. The chief articles imported are flour, lamp oil, sugar, cotton yarns, cotton piece-goods, paper, indigo, timber, coal, Chinese wine, and old iron. Before the war the import of foreign flour was increasing, and 91,270 bags, each weighing 50 lb., were imported in

1913. By 1916, however, on account of the rise in the price of foreign flour, the import had dropped to 405 bags. The Chinese are using instead native milled flour, of which 39,132 bags were imported in 1916.

The two best lamp oils imported are those of the Standard Oil Company and the Asiatic Petroleum Company. The following table shows the amounts imported from 1914 to 1916 :

	1914.	1915.	1916.
	<i>Gallons.</i>	<i>Gallons.</i>	<i>Gallons.</i>
Standard Oil Co.	329,600	297,600	85,392
Asiatic Petroleum Co.	18,400	36,800	34,000

Japanese oil used to be imported from Dairen, but it was inferior in quality and importation has ceased. Owing to the rise in price, the importation of other foreign oil has diminished of late, and a local factory has been opened (see p. 12).

There is a transit trade in ginseng, an aromatic root much prized in China for medicinal purposes. The annual value of this trade is between 600,000 and 700,000 dollars.

(D) FINANCE

(1) *Public Finance*

The revenue of Weihaiwei was at first very small, and had to be supplemented by a large grant from Imperial funds. Of late years, however, the revenue has been rising and the grant in consequence diminishing. The following table shows the total receipts, expenditure, and grant for the period from 1910-11 to 1916-17 :

<i>Year.</i>	<i>Receipts.</i>	<i>Expenditure.</i>	<i>Grant.</i>
	£	£	£
1910-11 . . .	7,692	14,805	5,000
1911-12 . . .	7,623	15,679	6,000
1912-13 . . .	8,124	14,919	6,000
1913-14 . . .	9,573	17,045	8,300
1914-15 . . .	11,197	15,127	5,000
1915-16 . . .	11,807	15,921	3,500
1916-17 . . .	12,955	14,220	1,420

The main sources of revenue are land-tax, road-tax, land and junk registration fees, a monopoly in wine, and the rents of Government property. The land-tax levied on Europeans is $\frac{1}{2}$ per cent. on the value of the land they purchase. It brings in about £2,400. Great Britain has given a pledge to China that Custom dues shall not be imposed.

(2) *Currency*

The Mexican dollar is the official unit of currency in Weihaiwei. Its value is 2s. 0 $\frac{1}{2}$ d. Chinese currencies of varying values are also in circulation, but as there is only a limited amount of trade and no banking, details of values and rates are not available.

(3) *Banking*

Cornabé, Eckford & Co., whose head-quarters are at Dairen in Manchuria, and Lavers & Clark, both firms of general merchants, act as banking agents in Weihaiwei.